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Arias, Callejas Finalize Dates for Area Summit

PA2703135390 Panama City ACAN in Spanish 1226 GMT 27 Mar 90

[Text] San Jose, 27 Mar (ACAN-EFE)—On 26 March in San Jose, Costa Rican President Oscar Arias and Honduran President Rafael Callejas asserted that 1 and 2 April are the only possible dates to hold the next Central American summit, to be held in Nicaragua.

At the last minute, and after a number of diplomatic consultations, they discarded 3 April as the date and recognized that the seventh summit can also be attended by Guatemalan President Vinicio Cereso and, the host, Daniel Ortega.

Salvadoran President Alfredo Cristiani is the only one who has not confirmed his attendance; he must travel to Venezuela during that week to comply with a previous commitment with his colleague Carlos Andres Perez.

The dates of the summit were announced by Arias and Callejas at San Jose's international airport, from which Callejas departed for Managua, next stop in his tour of the area, which began two days ago in Guatemala.

The foreign ministers of the area will meet on 1 April to review the summit's agenda. One of the topics on the agenda of the presidential meeting is the demobilization and disarmament of the contras and their repatriation to Nicaragua, on which an agreement was signed last week in Tegucigalpa. The agreement, known as the Toncontin agreement, provides for the demobilization and disarmament of the contras "not later than" 20 April, five days after the inauguration of the new Nicaraguan government.

Callejas described as "very positive" the decision of the rebel leaders to accept an end to hostile activities with the participation of the United Nations and other friendly governments.

The Honduran president insisted that his tour is a rapprochement tour intended to thank other area governments which "supported us in making possible the transition to, and the strengthening of democracy."

Callejas asserted that he intends to follow up on the economic, political, and social aspects of the actions of the presidents, who succeeded in making progress in the peace and democratization processes in the area.

Activist Calls for Regional Electoral Commission

FL2703005890 Bridgetown CANA in English 2147 GMT 26 Mar 90

[Text] St. John's, Antigua, March 26, CANA—Antiguan political activist Tim Hector is calling for the establishment of a Caribbean electoral commission to supervise forthcoming elections in Guyana and Haiti.

Hector, chairman of the small left-wing Antigua-Caribbean Liberation Movement (ACLM) here, said the conduct of past elections in Guyana and Haiti demonstrated a need for a regional response.

"... There is need for Caricom (Caribbean Community) governments to insist that there must be a Caribbean electoral commission which will supervise and control the coming election in Guyana, with United Nations assistance, and international observers," Hector said in his column "Fan the Flame" in the weekly OUTLET newspaper.

"The same Caribbean electoral commission ought to do the same in Haiti, including supervising and cleaning up the process and procedure for the registration of voters," he added.

"Were Caricom governments to so resolve and so act in Haiti and Guyana they would give the entire Caribbean a new lease on life," he said.

"... They would be demonstrating that what takes place in the Caribbean is willed and directed by Caribbean people," Hector wrote. "Further, they would have demonstrated that they are their brother's keeper."

He questioned whether this Caribbean electoral commission was "too much to ask of these self-proclaimed democrats in Caricom. If it is too much then what is too little?" He noted that both countries had in time past led the Caribbean on the path to freedom.

"Their sojourn with unfreedom now is but a sign and a certain signal as to where we will be for sure tomorrow," Hector argued.

Last Wednesday [21 March], Trinidad and Tobago Prime Minister A.N.R. Robinson told CANA that the Guyana Government, which has been under long-standing pressure to reform its electoral system, had given the assurance that it is on the verge of announcing new measures to "dispel doubts" about the voting process.

Cuba

Local, Foreign Reaction to TV Marti Project

U.S. Stations Overpowered

FL2603161090 Havana Tele Rebelde Network in Spanish 1334 GMT 26 Mar 90

[Text] A French news agency report datelined in Miami has commented that a broadcast of our Commander in Chief Fidel Castro's appearance on his trip to Brazil on the evening of 23 March overpowered domestic radio broadcasts in almost half of the United States. This was considered by U.S. broadcasters as a warning signal because of the threat of tele-aggression against Cuba. Susan Kraus of the U.S. National Association of Broadcasters said domestic broadcasters are very vulnerable to interference and added that Cuba has the capability of interfering with AM stations in over 30 states, all the way north to the Canadian border and all the way west to Utah. She added that this has been demonstrated in the past.

Minister on 'Forceful Response'

PA2703022190 Havana International Service in Spanish 0006 GMT 27 Mar 90

[Text] Cuba reiterated today that it will give a forceful response to the U.S. project of a television station broadcasting to this country.

Communications Minister Manuel Castillo Rabassa, speaking at the opening session of a workshop on space communications for development organized by the United Nations, described the television aggression as a gross intervention in Cuba's internal affairs.

He said that if the United States violates international rules and regulations with this aggressive television, Cuba will not be obliged to apply such regulations with its northern neighbor, although we deplore the effects this may cause on the region, Castillo Rabassa concluded.

Meanwhile, Colonel Arnaldo Tamayo, president of the Association of Patriotic Military Education, said the United States lacks any legal, political, or any other type of reason to intervene in Cuba's radioelectronic space. Tamayo, who is also an alternate member of the Central Committee of the Communist Party of Cuba, said that it is an aggression against the will of the people and of the world, and that if the United States assumes that right, Cuba has the right to repel that aggression. He said that the Cuban media are prepared to give a response in that sense.

Communique for Official Response

FL2703123090 Havana Radio Rebelde Network in Spanish 1124 GMT 27 Mar 90

[Communique of the National Information Agency]

[Text] The U.S. Government today at 0145 began the testing period of a television service in Spanish especially designed for a Cuban audience. The idea, which surfaced during the Reagan administration, was made a project when the U.S. Congress assigned the necessary funds for feasibility studies in 1987. It was firmed up a year later when $7.5 million was allocated for a testing period which began today and can continue for up to three months, according to reports.

The U.S. Government plan is based on an ostentatious display of high technology and is using a captive aerostat placed at several thousand meters above a military base in the environs of Florida. Microwave links, domestic satellites, and earth stations for telecommunications services are being used.

This, in addition to constituting a grave violation of Cuba's national sovereignty and an unprecedented abuse in the practice of international broadcasting, is especially irritating inasmuch as the U.S. Government has once again used the name of our national hero for the plant.

For months, Cuba has developed an intense diplomatic and political activity aimed at persuading the U.S. Government to reconsider these transmissions which open the possibility of a crisis of immeasurable consequences in already deteriorated bilateral relations.

As has been said repeatedly, the objection to this action is not only based on the subversive content included in the broadcasts, because the United States finances over 60 hours a day [as heard] of radio programming specifically aimed at the Cuban audience. What is unacceptable about the project is the violation of national sovereignty which entails the occupation of a local frequency which Cuba is entitled to use for national television, in this case, channel 13, which is normally used for the Tele Rebelde services.

The illegality of the project that it attempts to impose on Cuba has been demonstrated as it has been proven that it constitutes a violation of the convention of the International Telecommunications Union and other international instruments, including UN dispositions and UNESCO agreements for the use of communications satellites.

Cuba has denounced this to the International Telecommunications Union, the Nonaligned Movement, and other international organizations, and at events where it has been supported by institutions and personalities. Cuba has taken its concerns to the UN Security Council and made constructive proposals, but U.S. authorities have shown absolute indifference.

The Cuban interference device was activated with the start of transmissions from the United States. It will gradually be adjusted according to the behavior of the invading signal on our territory. In fact, the decision to begin broadcasts against Cuba has unleashed a conflict

in the radioelectrical space between the two countries which could have consequences for the services of other area nations.

The United States debut has not been impressive inasmuch as during a period of 10 minutes, the main technological power in the world could not avoid its invader signal from being dissolved over the coverage area.

The Cuban authorities have informed the International Telecommunications Union of the details of this aggression and are waiting for the appropriate response to such an act. As has been stressed, Cuba will make efforts within the limits of its possibilities to offering a firm and balanced response for each U.S. action. In no case will it allow the violation of its sovereignty to go unpunished.

Cuba has warned that these transmissions could be part of a larger maneuver and that the United States could be looking for a pretext to unleash a military attack. It has also made the government of that country responsible for all the consequences of this aggressive act which violates our sovereignty.

International Opposition Noted

FL2603131290 Havana Tele Rebelde Network in Spanish 1200 GMT 26 Mar 90

[Text] In Barcelona, Spain, the 13th congress of the International Association of Democratic Lawyers has condemned the U.S. Government for installing in its territory an anti-Cuban television station. In the final statement of the meeting approved by almost 600 lawyers of the entire world, the U.S. action is called brutal, unjustified, and interventionist.

On the other hand, Pastor Hiedra, chief of Venezuela's Central Information Office, asserted in Caracas that the anti-Cuban television project should be condemned because it could generate a new intolerable form of intervention.

Cosmonaut Tamayo Comments

FL2603201590 Havana Tele Rebelde Network in Spanish 1800 GMT 26 Mar 90

[Text] The possible U.S. Government tele-aggression against our country has provoked a justified indignation among our people. Nothing justifies the imperialists attempt to introduce themselves into our radioelectric space.

[Begin recording] [Arnaldo Tamayo, first Cuban cosmonaut in space, identified by caption] I believe they have no justification, neither legal, nor moral, nor political to intervene against our country in this way. Therefore, we believe it is an open aggression against the will of our people and the world.

[Reporter] So we have the right to give a forceful response.

[Tamayo] If they take upon themselves the right to attack us, we also have the right and will to repel that aggression in the same way we have done before. [Words indistinct] our resources are ready so we can respond if they decide to launch it. [end recording]

Castro Interview With Mexican Daily in Brazil

PA2603192990 Mexico City EXCELSIOR in Spanish 23 Mar 90 pp 1, 10-A

[Report on interview with President Fidel Castro Ruz by Flavio T[illegible]ares in Sao Paulo, Brazil on 22 March; all quotation marks as published]

[Text] Sao Paulo, 22 Mar—Words, ideas, and concepts flow without pause as Cuban President Fidel Castro says, in a statement that seems to be a confession: "Socialism is facing the worst crisis in its 70-year history since the Russian Revolution, while capitalism is living through a time of euphoria. It is a tremendous crisis which we can sense, through the intensification of the Yankees' arrogance and their propaganda, that socialist Cuba will disappear. There are many people, even friends, who have already expressed their condolences to us while we are still alive...."

Castro's face—circumspect and serious—framed by his gray beard and hair, shows the tiring effects of his exhaustive activities during his visit to Brazil.

However, as he speaks—standing, seated, or walking through the wide halls of the Anhembi Convention Center in Sao Paulo—Castro shows the enthusiasm of the 1960's and is renewed with each word and histrionic gesture.

The situation in East Europe is "catastrophic," Castro says. Most of the socialist nations are not only seeking a return to capitalism, but "are moving to imperialism's side."

For example, he noted, the leaders of Poland and Hungary "perpetrated the most despicable action" when they voted against Cuba at the UN Human Rights Commission. "Now they will receive a prize for their action through IMF and World Bank loans. I have no feelings of solidarity toward Lech Walesa. He met with counterrevolutionary worms (Cubans living in the United States) and declared himself an enemy of Cuba. Today he is pampered by the West and the United States."

Fidel Castro, however, praised Soviet leader Mikhail Gorbachev: "His intention was not to destroy the party or socialism, but to improve them and correct great mistakes." How are relations with the USSR? "They are good, and have remained the same despite the fact that we do not like some of the things that are happening over there."

He stressed: The risks, not only for Cuba, but for socialism, "will depend on the internal problems they will have and on whether the USSR will disintegrate, as Brzezinski and the United States hope."

During his seven-day visit to Brazil, Castro never used the term "perestroyka," (restructuring policy). During his visit to Sao Paulo, we accompanied him for eight hours on a day in which he met with journalists representing EXCELSIOR and other newspapers, labor and political leaders, intellectuals, Christian and religious leaders. On that torrid day, he only "escaped" a few moments to change his austere military uniform.

Castro has always rejected the possibility of following in the steps of the USSR: "What for? We never experienced Stalinist phenomena in Cuba. There was no purge in Cuba. We did not have one single political prisoner, disappeared or tortured person. We did not conduct a forceful collectivization of agriculture as was the case in Eastern Europe. People used to criticize us, saying we were a satellite of the USSR. Now we are criticized for not doing what the Soviets are doing."

Although he says that he respects the USSR and its reforms, with which he disagrees, Fidel expresses criticism: "We learned about inequitable exchange from our trade relations with the USSR. Our sugar and nickel were worth increasingly less every year" compared to the value of Soviet products. "I travel on board Soviet-made planes. They are very safe, but they consume twice as much fuel. Their trucks are very bad. They only travel seven kilometers per gallon of gas. These trucks waste the gasoline that they themselves send us."

With a certain sadness, Castro says that he would prefer "not to talk" about his disappointment regarding the false internationalism of some European socialist countries. "While we sent them prime quality sugar and nickel, they sold us junk built with outdated technology. We built ditches and buildings with that junk they sent us. A Bulgarian or Czechoslovak forklift cannot be sold anywhere in the world. They do not work. We had to train experts who could transform those machines into forklifts that could really lift things. The Hungarian buses go six kilometers per gallon of gas and contaminate cities with smug. The gear box of the Czechoslovak buses only have first and second gears and consume 30 percent more fuel." As if he were on stage, Castro imitates the sound made by a strained engine: "Those buses sound like this: Vroom, vroom, vroom, and then again, vroom, vroom, vroom..."

As if he were apologizing to history, Castro looks in the distance and says: "To explain all this, it is necessary to go back to Che Guevara's times. Che Guevara used to say that socialism cannot be built based on capitalistic ideas such as benefit and profit. Che was a prophet who saw all things very clearly."

Castro admits that the present moment is a "very, very difficult" time for Cuba, but "what are revolutionaries good for if not for facing difficult times?

Do the events in Eastern Europe mean that socialism as a social, political system could disappear?

Fidel gives a withering response: "There is much confusion and uneasiness regarding what is going on in Eastern Europe.

"From the Cuban point of view, there are two dangerous situations: The first one is the collapse of socialism in a part of Europe. The second is the difficulties that may appear in the Soviet Union.

"But there was a true revolution in the USSR unlike in the other European countries, where socialism was taken to power by a series of historic events. The situation is very different in Cuba. We built and defended our revolution, although we had the support of the socialist field.

"Now, the military and economic threat unites us again. The United States and capitalism hope to defeat Cuba economically. But the situation in each East European country is different. Poland and Hungary are desperately seeking a way back to capitalism. Czechoslovakia is too, although in a different way. The positions of Bulgaria and Romania are still unclear. The GDR is different. The problem there is to see whether the GDR will be absorbed by the FRG, the most powerful European nation. If that happens, there will be no doubt that the capitalist system will completely put away the system that prevails in the GDR, which was built with much sacrifice in the most devastated part of Germany after World War II.

"Socialism will face the same fate as capitalism, which replaced feudalism. Napoleon led Europe to capitalism, but later became a conqueror. Socialism will experience progress and setbacks, but will finally win. Socialism is the kingdom of the future. We, men, have not renounced our aspiration of being angels, being better. Furthermore (raising his voice) there has been no eternal society.

"The liberal ideas that some people want to resuscitate today are dead. Those liberal ideas operated well in the metropolises, but not in Latin America, Africa, or Asia. In 200 years the liberals failed to solve any important problem in Latin America. Today, without counting the things that are taken away from it as a result of unequal exchange, Latin America each year exports capital equivalent to 3,000 tons of gold. Spanish and Portuguese galleons did not take away that much from here in four centuries of conquest. Capitalism takes more out from Latin America each year than the colonists did in four centuries. We have nothing to thank that philosophy for."

What happened in Nicaragua? How do you explain the disaster of Sandinism?

Fidel takes another sip of water or fruit juice from a pink plastic cup, which accompanies him everywhere he goes. This cup is very, very different from the crystal glasses that are on the table. This is "Fidel's cup." It is the one cup that one of his bodyguards uses, for security reasons, to serve him drinks. He said: "The CIA has tried to kill me on several occasions, even under the ocean. I like to

spearfish and they planted a very large and pretty coral that would explode as I picked it up. But we uncovered everything," he said before answering the question.

"The Nicaraguan problem is different than all others. They were carrying out a revolution; they were not building socialism. The dirty war unleashed by the United States prevented them from ever developing their revolutionary work.

"In Cuba there was and there is revolutionary work; this keeps the people united. But the war wore them out in Nicaragua. They created the impression that if the Sandinists continued (in power) war would continue. They insisted that the military service was an aggression against the youths and that more mothers would lose their children. There was a brutal wear down.

"Subjective mistakes were also committed (by the Sandinists) in their relationship with the masses. But they were not determining factors in their defeat. The determining factor was the counterrevolution's dirty war supported by the Yankees. However, the Sandinists have thousands of weapons and must retain them; they must preserve them. Without weapons, there would be a disaster. They must remain armed not to carry out a coup d'etat, but to defend the revolution's social achievements, to defend the constitution."

Castro cites the times of Salvador Allende in Chile as an example: "Capitalism resisted in Chile when it lost the 1970 elections. Capitalism does not give up, less so can the revolutionaries. To those who are euphoric over the Sandinist defeat, I say: "The Sandinist cause is not lost in Nicaragua; it had not yet become a socialist process."

He then refers to Panama. "The U.S. disaster is about to begin, or has already begun, in Panama. The Yankees got Noriega out and killed hundreds or thousands of men and women, but they do not have money to give to the 'fat one.' That is why the 'fat one' went on a hunger strike." (The "fat one" is Panamanian President Guillermo Endara but Castro will not mention him by name).

Castro adds: "They have invented thousands of lies about Noriega. But the United States will become demoralized in Panama. No matter what they do there, they cannot keep the Panama Canal. Panama is not lost," he pointed out without elaborating.

However, the mention of Panama makes him turn back to Cuba. "The Yankees invaded Grenada and Panama. Now they are threatening us again. However, they know that if they invade Cuba they will leave 250,000 dead. And when the coffins begin arriving in the United States, the people of the United States will turn against the invasion."

He asserted that the Cuban people are up in arms. "There is democracy in Cuba because, in addition to elections every two and one-half years for the People's Councils and the National Assembly, the people are up in arms. The students, the peasants, the workers; in a nutshell, everybody is armed. In which one of the countries that claim to be 'democratic' and criticize us, saying we are not democratic, are the people armed?"

The issue serves as a pretext for him to criticize the Soviets again. "If we adopted the Soviet military doctrine, the United States would win in an eventual invasion of Cuba. We have 10 divisions. The enemy has 50. We would have all the conditions to be defeated. Then, from the stands, the people would watch the parade by the victorious invaders and would cry over their defeat. However, our concept predates the arrival of the Soviet military men. We have prepared the people to defend the revolution; all men and women know what to do in the event of an invasion."

What will happen to you if the supply of Soviet oil runs out and the U.S. embargo is intensified?

"I have already said that if we wake up one morning with the news that the USSR no longer exists, we will not surrender. If the oil runs out suddenly, we will seek it on the world market. We have already begun drills and exercises for times of crisis. "We can stop social development for five years or for as many as necessary to resist. Our social development has been so intensive—in housing, education, and public health, for instance—that we can stop it from continuing for five years and it would cause no problems. We have solved in 30 years what Latin America has not solved in 200."

Castro then talks about Latin American integration, which is perhaps the only way Cuba may try to survive if Soviet aid—which is already beginning to be cut off—is cut. "We have no customs or tariff barriers. Cuba is open to Brazilian, Mexican, and Latin American capital in general. We can integrate with capitalist forms without forsaking socialism."

Cuba will not follow the current Soviet model "because it does not need it," Fidel says.

"Cuba is a democratic country. The people take part in the decision-making," he notes, but gives no details about the manner in which the participation takes place.

"We never use tear gas or trained dogs against the people. This does not happen in Cuba," he adds, prior to stressing: "The prisoners in Cuba are treated well; they are in good health; they are not tortured."

Castro does not mention him, but this is an allusion to poet Armando Valladares, who used a wheelchair when he left prison. This is an allusion to reduce Valladares' credibility.

The Cuban president denies that agriculture in his country is in ruins. "Cuban agriculture is able to feed the people with 3,000 calories a day, and we export calories for 40 million other people in different parts of the world." He states that only what is scarce is rationed.

Castro then speaks of the social achievements in his country. More than 700,000 people work in education.

"In the West, the manufacture of underwear is included in the gross domestic product (GDP), but providing health and education and undertaking a heart transplant are not included in the GDP. Capitalism invented that outrage of measuring production. Even what an army does is included in the GDP, but not what is done in health and education."

Fidel Castro Ruz believes that "the countless errors" committed in Eastern Europe created problems for socialism there:

"Fortunately for Cuba, we are very far geographically from the USSR. We did not have Soviet tanks to defend our socialism. The only tanks we had near us were those of the United States, in an aggressive stance to annihilate us.

"Woe to the country that needs the tanks of another country to defend its socialism. Woe to the socialism that cannot be defended by its people. It does not deserve to be called socialism."

Castro states that because of this, he does not see the need for political reforms in Cuba: "We are not opposed to the perfecting of socialism, but we believe that socialism is not defended by destroying the party."

In Sao Paulo and other Brazilian cities, Castro was only seen irritated when asked about some Brazilian leftist leaders' suggestion that he hold a plebiscite or direct presidential elections.

"If I were to arrive in Cuba and tell the comrades that a plebiscite or direct presidential elections must be held, they would think I was crazy. They would say: 'Fidel was given some potion in Brazil which made him crazy.' No plebiscite or direct election is needed in Cuba. There are elections every two and a half years. The plebiscite has been these past 30 years in which the people, with weapons in hand, supported the government and resisted the United States," Castro concluded.

Castro Might Consider 'Some' Capitalist Ideas

FL2603205890 Mexico City NOTIMEX in Spanish 1747 GMT 26 Mar 90

[Text] Mexico City, 26 Mar (NOTIMEX)—Cuba is willing to study and consider some ideas from capitalism but without abandoning the socialist system. This was stated by President Fidel Castro during an interview granted to the Mexican newspaper EL SOL DE MEXICO.

Cuba is ready to rectify mistakes that have been made but in no way will leave socialism aside, said Castro. He reiterated that the changes in East Europe and the Soviet Union do not necessarily have to take place in his country.

He said the island could be opened to foreign investments, accept joint business ventures with foreign private capital, and even rectify education—which had adopted Russian as a second language—and adopt English again.

Cuba is changing quickly, so quickly that some do not notice it or do not believe it, said the Cuban leader.

Also, the perfecting of the process of popular consultation, the decisions taken by the top leadership, and the end of customs and political barriers will be analyzed during the next Communist Party of Cuba congress scheduled for the first half of 1991. If we need to dispense with customs tariffs we will, because international companies do not have any power here; they do not dominate our economy or establish conditions, stressed Castro.

We can carry out on the island any type of economic transaction, joint enterprise, and exchange of technology, inasmuch as a socialist economy can join in with a group of socialist countries [as received], said the Cuban leader.

Cuba is about to begin an offensive for integration with Latin America. We organize our production in enterprises, we have productive enterprises that materialize production, he continued.

Castro recalled the meeting he held in Mexico with representatives of the private sector to whom, he said, I did not talk about that integration as I did in Brazil because the ideas had not evolved as they have lately. However, we have always favored that integration in Latin America in spite of the fact we are part of the CEMA, he stated.

Castro asserted that the enterprise idea was presented 10 years ago and that natural resources and a trained labor force are available; there is need of technology, capital, and market to be able to go forward.

He denied that teaching of English in Cuban schools has anything to do with the opening to foreign investments or that it is a political move, because the proposal was made seven years ago, in spite of the reaction of Soviet diplomats on the island, and because it is a language that is predominant in the international sphere.

Castro remembered that he also pointed out to students the need to study capitalist political economy to understand it and to learn from it, but without leaving socialism aside.

Castro told EL SOL DE MEXICO that his government is attempting to rectify mistakes that may have been made by socialism implemented in the Eastern countries.

ICRT President Relieved; Hernandez Appointed

FL2703130090 Havana Tele Rebelde Network in Spanish 1200 GMT 27 Mar 90

[Text] The Council of State of the Republic of Cuba has agreed to the relief of Comrade Ismael Gonzalez from his post as president of the Cuban Institute of Radio and Television [ICRT].

Comrade Enrique Roman Hernandez was appointed in his place. He is 44 years old and has a bachelor's degree in journalism. He was director of the newspaper GRANMA from 1987 until today. In over 23 years of professional activity, Roman has moved upward in press organizations. He was promoted to officer of the Central Committee in 1984 and subsequently, because of his expertise and the results of his work, was appointed chief of the Information and Propaganda Section of the Department of Revolutionary Orientation [DOR], and deputy chief of the DOR for mass media, until he was appointed GRANMA director.

When it was decided to relieve Comrade Ismael Gonzalez, it was believed that, during the almost five years he headed the ICRT, his work, with successes and deficiencies, had a general positive balance. It was also considered that the ICRT's immediate tasks and outlook suggested that this change in leadership be made at the appropriate time to strengthen it.

Politburo Appoints New Director of GRANMA

FL2703131590 Havana Tele Rebelde Network in Spanish 1200 GMT 27 Mar 90

[Text] The Communist Party of Cuba [PCC] Politburo has agreed to promote Comrade Jacinto Granda de Laserna as director of the newspaper GRANMA. To date, he was chief of the political-information and editorial section of the PCC Central Committee's Revolutionary Orientation Department [DOR].

Comrade Jacinto Granda has a bachelor's degree in Social Sciences. He worked as reporter and leadership cadre of JUVENTUD REBELDE newspaper. In 1987, he was promoted to DOR section chief, where he carried out efficient work.

UN Workshop on Space Communications Begins

FL2603192590 Havana Tele Rebelde Network in Spanish 1800 GMT 26 Mar 90

[Text] The UN workshop on space communications for development will be held at the Palace of Conventions until 30 March. Representatives from 16 countries and over 10 international organizations and institutions are attending the meeting, which opened today.

During the opening, (Nanda Siri Yasen Tuliyana), chief of the UN Extraterrestial Space Division [as heard], explained the advances and outlook of communications via satellite. He expressed appreciation to the host country.

The communications minister, Manuel Castillo Rabasa spoke on behalf of Cuba.

[Begin Castillo recording] The Cuban Government values the entire magnitude of the importance of the peaceful use of space communications, research, and development of communications for the economic advance of countries based on the vigorous development of computers, electronics, and micro-electronics. Evidence of this are the programs implemented and results obtained. [end recording]

Cuba will begin operating its third earth station next year. It is part of the Intelsat system and will considerably increase our capabilities. Our communications with the exterior were rudimentary at the triumph of the revolution. Beginning on 1991, a new international telephone and telegraph station will begin operating as well as other new satellite communications systems.

Finnish Labor Minister Arrives in Havana

FL2603141990 Havana Tele Rebelde Network in Spanish 1200 GMT 26 Mar 90

[Text] Mr. Matti Puhakka, Finnish labor minister, arrived in our capital last night. Invited by his Cuban counterpart, Francisco Linares Calvo, the Finnish minister's agenda includes meetings with leaders and officials of the State Committee for Labor and Social Security and the Cuban Workers Federation. He is also interested in learning about the work of the Blas Roca Calderio construction contingent and the services provided by the family doctor in our country. In addition, he will visit places of socioeconomic interest and, in particular, the electronic components factory in Pinar del Rio Province where experimental work methods are being used in line with the development needs of the country. Mr. Puhakka will return to his fatherland on 30 March.

Delegate Comments on Election to FAO Committee

FL2603213390 Havana Radio Reloj Network in Spanish 2033 GMT 26 Mar 90

[Text] Today our country was unanimously elected vice president of the World Food Security Committee of the UN Food and Agriculture Organization [FAO] for a two-year period. In the first important meeting of the FAO this year, after proposal by the Latin American and Caribbean group and with the agreement of the Group of 77, Cuba obtained the unanimous support of the region.

(Juan Miuri), the Cuban representative to the FAO, stated to the press that this appointment to the vice presidency of the World Food Security Committee is a clear demonstration of the respect and confidence Cuba inspires. (Miuri) added that in addition to the support shown by election to this post, it is also a clear response to U.S. attempts to isolate Cuba.

Risquet at Angolan Independence Commemoration

FL2703033990 Havana Television Service in Spanish 0100 GMT 27 Mar 90

[Excerpt] The main ceremony marking the 14th anniversary of the victory of the People's Republic of Angola was held a few minutes ago in the Universal Room of the Revolutionary Armed Forces in Havana. The activity was attended by Politburo member Jorge Risquet Valdes, leaders of the Communist Party of Cuba and the political and mass organizations, representatives of the diplomatic corps and political parties accredited in the country, and African students in Cuba.

The highest expression of the struggle of the Angolan people is 26 March. (Silverio Ngele Paim), a member of the Central Committee of the MPLA [People's Movement for the Liberation of Angola]—Labor Party, expressed in his commemorative words the sacrifices and dedication of his compatriots to freedom. The years of battle, in which Cuba has fought as a brother-soldier, have not been in vain. Today Namibia has proclaimed its independence, and as Fidel has said, after the battle of Cuito Cuanavale, the history of Africa is changed. [passage omitted]

Christians See No Contradiction With Revolution

FL2603135090 Havana Tele Rebelde Network in Spanish 1200 GMT 26 Mar 90

[Text] [Announcer] Cuban Christians from various churches grouped in the Ecumenical Council of Cuba participated in a week of productive activities and in the construction of public projects.

[Begin recording] [First unidentified speaker] It is a privilege and an honor to serve our fatherland and our society at this time when it is needed the most. It is a small contribution but it is a symbol of unity and equality among Christians and Marxists because we are all Cubans and we feel the same things.

[Second unidentified speaker] As Cubans, we feel that we are part of this country; we are from this country. We have the same sky, same flag, and same land. This is an opportunity. This is a place where we can fraternize and get to know each other better and realize that there is no contradiction between Christianity and revolution. We are Christians. We are part of this society and nothing stops us from cooperating with and struggling for our fatherland.

[Third unidentified speaker] In the agricultural area, we believe that this experience, which we have also shared on other occasions with Marxist comrades and our contribution to society, is important.

[Fourth unidentified speaker] As Cubans we always want the best for our country. The best thing for our country at this time is to prepare ourselves, prepare ourselves in every sense.

[Fifth unidentified speaker] We have worked together, Marxists and Christians. It has been a rich experience. We have laughed, eaten, and drunk together. We are part of the people and we are serving the people. As pastors and lay people we are part of our dear fatherland, of Cuba, and we are serving our people.

[Sixth unidentified speaker] I have a Christian family but it is a revolutionary family at the same time. Being Christian does not prevent us from being on the side of justice. God is justice and the revolution and socialism are also justice. We are united and work united. We are going to work and get this fatherland ahead so that there is production. Production is what we need at this time. [end recording]

[Announcer] Among the churches participating in the productive week are the Methodist, Evangelical, The New Pines, Nazarene, Presbyterian, Reformed Christian, The Friends Church, and Baptist Church. Productive activities took place in Granma, Camaguey, Villa Clara, and Havana City Provinces.

Grenada

Prime Minister Brathwaite Addresses Nation

FL2603151090 Bridgetown CANA in English 2027 GMT 25 Mar 90

[Report by Peter Richards]

[Text] St. Georges's, Grenada, March 25, CANA—Radio announcer Troy Garvey urges his countrymen to "put country before self".

"This is God's country, let's build it together," [passage indistinct].

And this is precisely the message the new administration of Prime Minister Nicholas Brathwaite is sending Grenadians after two weeks of uncertainty following a general election which left none of the five contesting parties with a clear majority.

"I.... call on all patriotic Grenadians to come forward to serve, to build, and so collectively enjoy the fruits of our labour," Brathwaite said in a broadcast to the nation.

Brathwaite's task in ensuring economic, and social development for an island, whose colourful politics has included the first ever coup in the English-speaking Caribbean is, by his own acknowledgement, enormous.

The Grenada Chamber of Commerce has put forward its economic agenda to the government saying it wants the new administration to have more dialogue with the private sector on matters affecting the economic development of the spice isle.

"The private sector would want to see a new government that will set the tone and create the opportunity that the private sector can operate efficiently....," president Michael Minors told CANA.

Minors said the local business organisation was prepared to assist the new government in whatever plans they may have for reviewing the existing fiscal policy, introduced by the former government.

"We feel that the policy has not been one of consistency....," Minors said, making particular reference to the business levy which he said was not conducive to investment.

Unemployment in Grenada has been put at 24 percent and Brathwaite said his administration would give priority in the 1990's to developing the island through the promotion of foreign trade and investment. He said the government is committed to providing 15,000 new jobs in the medium term. Minors said the government would need to invest heavily in the tourist industry, if any "serious" effort is to be made to ease the unemployment situation.

But the government's efforts so far to produce a "shopping list" for assistance from Western aid donors have not met success at the first time of asking. Canada has turned down a request for a new hospital, and Attorney General Dr. Francis Alexis who met with Canadian Prime Minister Brian Mulroney in Barbados last week, said the "shopping list" also included a multi-million dollar new port for the capital, schools, and water and sewerage improvement projects.

The government is making a last minute bid to get among those Caribbean countries expected to present programmes for funding at next month's major donor conference at the Washington-based World Bank. Finance Minister George Brizan said the government would be sending out "feelers" to friendly donor countries so as to get an indication as to the kinds of projects they are willing to pledge funding for.

"We would be looking for funding for a pre-fabricated housing plant to build more houses for low-income earners," Brizan said.

The island's two leading newspapers have stressed the need for the new government to work for the common good of the country. The INFORMER made a plea for those elected "to work closely together in the interest of good government to enable our nation to forge ahead as a united and reconciliatory one."

But despite commanding the support of 10 of the 15 Members of Parliament [MP], Brathwaite may find his efforts stalled by what he termed "...the treacheries of these elements that have gone crazy over power."

His National Democratic Congress (NDC) collected seven of the 15 seats and for a time it appeared the NDC may be kept out of government by a coalition of the other three parties. But the NDC managed to engineer the defection of one MP to its ranks and he was later joined by the two winners of The National Party of former Prime Minister Ben Jones.

Jones has already given warning that he would quit the government if serious differences emerged which could not be settled. He told reporters he had no intention of working with the other two parties.

"The attraction of being prime minister was not sufficient to overcome my reservations about association with that group," he said.

Jones said he decided to join the NDC government because he became convinced that he could be of some assistance. "...I have been asked to help and I believe that I can be of help," he added.

"We as a people must always be on guard and remain forever vigilant at the schemes and treacheries of these elements that have gone crazy over power," Brathwaite said of the attempts to keep him out of power.

"We must ensure that they do not destroy our country to satisfy their thirst and greed," said Brathwaite.

Brathwaite said if Grenada is to settle down, the island will need "honest, hard-working leadership."

"I personally believe that Grenadians are going to discover that kind of leadership is going to take us forward to a greater extent than what existed in the past," Brathwaite said.

Haiti

Army To Disband Civilian Vigilance Brigades

FL2603135690 Bridgetown CANA in English 2147 GMT 24 Mar 90

[Text] Bridgetown, Barbados, March 24, CANA—Haiti's military officials on Saturday [24 March] began disbanding several civilian self defence brigades across the country because they are attacking rather than protecting the population, according to human rights officials in the French-speaking nation. Army officials said 50 people have been killed and over 200 wounded during last week.

President of the Haitian Centre for the Defence of Human Rights, Jean Jacque Honorat, told CANA Radio that since the departure of President Prosper Avril, the self defence brigades have been infiltrated by loyalist members of Avril's bodyguards.

"They were infiltrated by criminals and Tonton macoutes, and fans and friends of the former regime.... And those self defence brigades were themselves committing crime," Honorat told the radio service of the Caribbean News Agency.

He said the Army has issued a communique "stopping those brigades.... And therefore urging people to stop organising them."

More on Brigades

FL2603172290 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 26 Mar 90

[Excerpts] There were no serious incidents over the weekend. The weekend was particularly calm in Port-au-Prince. [passage omitted]

The Haitian Army high command issued [on the afternoon of 23 March] a communique informing the vigilance brigades that they must suspend their activities and that only the Haitian Armed Forces [FADH] itself is supposed to provide security for everyone's life and property.

The Assembly for Concerted Action [also known as the group of 12] had likewise issued a press release telling the vigilance brigades how to function. [Port-au-Prince Radio Haiti-Inter in French at 2200 GMT on 23 March explained that the Assembly issued its press release before it was aware the Army had issued a communique on this matter.]

After that, President Ertha Pascal Trouillot put in her word on the matter, saying that the problem of the vigilance brigades had to be addressed because only the FADH is empowered to provide security for the lives and property of the population in Haiti. [passage omitted]

Assembly for Concerted Action Proposes Rally

FL2603171590 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 26 Mar 90

[Excerpt] The Assembly for Concerted Action [also known as the Group of 12] has today proposed the idea of a joint demonstration. The Assembly is planning a national demonstration against insecurity and repression to be held 29 March.

Here is what they say regarding this big public demonstration against insecurity and in favor of democracy that they are proposing: The committee that worked on the idea of holding a demonstration against insecurity thinks that this must be a campaign waged for a very short time, and that this campaign should be waged in all nine geographical departments of Haiti. This campaign could be waged under the banner of the struggle against insecurity and in favor of democracy.

The critical, key moment of this campaign is a large rally in front of Port-au-Prince City Hall, a rally in which all political leaders participate, as well as representatives of the popular sectors and the Unity Committee for the Respect of the Constitution.

This campaign should begin by scheduling visits by all the political leaders, as of now, to Cap-Haitien, Port-de-Paix, Les Cayes, and Gonaives for massive popular meetings [preceding word in English], in unity and with the participation of all the political leaders, popular organizations, and the Respect for the Constitution Committee.

The vast gathering in Port-au-Prince should be held on 29 March, anniversary of the Constitution of 1987. After the 29 March meeting, big meetings of unity should also be planned for Jacmel, Jeremie, Hinche, and either Fort Liberte or Ouanaminthe. We would in this way be symbolically covering all the geographical departments, before the candidates leap into a disorderly electoral campaign.

The interest in traveling to the provinces shows our determination to leave behind the idea of a "Republic of Port-au-Prince." We also want to show our gratitude for the way the population rose up all over the provinces long enough to give the macoute regime a definitive refusal.

The interest of holding meetings [preceding word in English] with all the leaders together in both the provinces and the capital is that we can show the population an image of diversity, mutual tolerance, (?refusal) of arbitrariness and repression, and adhesion to democracy and to a rule of law. This will be a good lesson in democracy for everyone.

How can we do this? First, we can together decide on the dates for the trips to the provinces. All leaders and heads of organizations, as of today, are to prepare to attend the popular rally on 29 March, anniversary of the Constitution, to show the entire world that together, we have decided to do away with insecurity and dictatorship, so that Haiti can be solidly democratic. On 29 March, there should be an avalanche of people on the Bicentennaire. We will show the macoutes that all Haitian people say repression is over. All political leaders of the Assembly for Concerted Action, representatives of the popular sectors, and representatives of the Respect for the Constitution Committee will be present. All will link arms together at an immense meeting [preceding word in English] against insecurity and in favor of democracy and a better life. [passage omitted]

Theodore Comments on Plan

FL2603181190 Port-au-Prince Radio Antilles Internationales in French 1230 GMT 26 Mar 90

[Excerpts] [Announcer] There will be a rally in Port-au-Prince on 29 March on the occasion of the third anniversary of the Constitution. The Assembly for Concerted Action and several people's organizations are planning to hold a public demonstration against insecurity and in support of democracy, culminating in a large gathering of political leaders, representatives of the popular sector, and representatives of the Respect for the Constitution Committee in front of Port-au-Prince City Hall. After 29 March, this unitarian campaign is to be continued in Jacmel, Hinche, Fort Liberte, Ounaminthe, etc.

Here is one of the initiators of this movement, Rene Theodore of the Unified Party of Haitian Communists [PUCH]. Mr. Theodore, can you tell us more about what is going to happen on 29 March?

[Theodore, in Creole] [passage omitted] We will be shunting the macoutes aside the way they were shunted by the Constitution. On 29 March we will be warning off all murderers and criminals. That is why we are inviting the entire Haitian people from all social strata and throughout Haiti to mobilize with us on 29 March. [passage omitted].

There will be several demonstrations that will all head in a single direction, all coming together in front of Port-au-Prince City Hall. On the podium will be all the representatives of the organizations composing the Assembly for Concerted Action, so we can speak directly to the Haitian people. The entire world can once again see that we, along with the population, are committed to finding the path of democracy and progress to put an end to repression and achieve the bringing to trial of all criminals who have been trampling and killing the Haitian people, stealing their money, and throwing the nation into its current extreme poverty.

[Announcer] [passage omitted] What assurances do you have that proper security will be provided for the population by those who are supposed to provide such security?

[Theodore] First, we have to say that this mobilization is necessary. As for security, we will ask the government to provide the security required. Also the organizations calling for the demonstration are going to be ready to assist the population to prevent any slipups or confrontations and guarantee security. Everyone can be assured that security will be guaranteed in this demonstration, which will have one million people in Port-au-Prince. [passage omitted]

Furthermore, we are counting on the Haitian Army along with the government on this occasion. We are writing them about this mobilization and counting on them to ensure full security. The Haitian Army is willing to provide security—or so it says—and we note that since the Army said it was taking things in hand there have been fewer accidents, fewer dead bodies in the streets of Port-au-Prince.

[Announcer] Mr. Theodore, you say you are going to warn off many sectors. You know that in her last speech over National Haitian Television, Mrs. Trouillot spoke of reconciliation. Has the group of 12 discussed this and if so, on what terms and with whom can you envision reconciling?

[Theodore] Reconciliation within a society is done with justice. If the judiciary looks into all the crimes that have been committed, society takes the criminal back into its bosom after he has served his term in jail and reconciliation takes place. If you were rumored to have committed crimes but it turns out that you did not really do it, there is a place for you in society. You can be reconciled. Reconciliation comes through due process of law. That is what will allow everyone who has suffered abuses to feel they have been given justice somewhere, and that they can now allow themselves to forget. [passage omitted]

We are asking for justice, and it is justice that we are going to be seeking in the 29 March mobilization.

[Announcer] Mr. Theodore, Radio Antilles thanks you very much.

Paper Publishes Claude Raymond Press Release

FL2603180790 Port-au-Prince LE NOUVELLISTE in French No 33.774, 24-25 Mar 90, p 3

["Press Release from Claude Raymond"—LE NOUVELLISTE headline]

[Text] In this climate of hatred and violence that has swept down upon our country, aggravating to a dramatic extent its economic, political, and social problems, I address an urgent call to all sectors to put an end to the aggressions, the arson, and the murders, which I deplore and condemn in the most formal manner.

Beyond momentary differences, we must seek a solution to our problems within nonviolence, calm, moderation, and respect for others, and must promote, above all, national reconciliation.

May God protect us and stand guard over the independence of our dear and great nation, eternal symbol of an ensemble of the highest of humanitarian, cultural, and moral values.

Claude Raymond.

New CATH Leadership Committee Identified

FL2603173190 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 26 Mar 90

[Report by Les Cayes reporter Delcy Jean Osler]

[Excerpt] Peasant delegates who participated in the recent special general assembly held by the CATH [Autonomous Organization of Haitian Workers] on 18 March at College Eliott Pierre in Port-au-Prince said they fully support the resolution adopted to form a new leadership committee to head the CATH. The new committee is composed of Yves Antoine Richard, Armand Pierre, Cajuste Lexius, (Reynald Trouillot), and Patrick Dacius. [passage omitted]

St. Lucia

Island Endorses UN Racial Discrimination Accord

FL2603185190 Bridgetown CANA in English 1720 GMT 26 Mar 90

[Text] United Nations, March 26, CANA—As UN secretary-general, Javier Perez de Cuellar, was urging South Africa to dismantle its racist apartheid system, the UN was informing its members that St. Lucia had endorsed an international accord which seeks to end racial discrimination.

The Caribbean country has become the latest UN member state to agree to be bound by the convention, which sets out the rights of people, regardless of ethnic background, and which mandates nations to end racial prejudice.

By acceding to the international convention on the elimination of all forms of discrimination and handing in its instruments to the UN Office of Legal Affairs, St. Lucia became the 129th UN member to sign the accord.

Under the convention, not only must countries condemn racial discrimination, but they must act to eliminate prejudice against ethnic groups and promote racial understanding.

Jamaica, Barbados, and the Bahamas are among the UN countries which have signed the international convention.

St. Vincent and the Grenadines

Mitchell on Hungarian Election-Monitoring Team

FL2603140390 Bridgetown CANA in English 2138 GMT 24 Mar 90

[Text] Kingstown, St. Vincent, March 24, CANA—St. Vincent and the Grenadines Prime Minister James Mitchell is now in Hungary as part of an observer team monitoring the general elections on Sunday [25 March].

The team of 65 observers sent by the Washington-based National Republican Institute, is being led by former United States Vice-President Walter Mondale.

Mitchell in a radio interview monitored here said the polls appear to be free and fair. However he said the major concern seemed to be getting Soviet troops out of the country as soon as possible.

Mitchell last month witnessed the presidential elections in Nicaragua.

Costa Rica

Agreement for Rural Development Signed With EC

PA2703015890 Panama City ACAN in Spanish 2006 GMT 21 Mar 90

[Text] San Jose, 21 Mar (ACAN-EFE)—The European Community (EC) has signed a $9 million agreement with Costa Rica to be used in rural development programs, it was reported today by the Costa Rican National Planning Ministry.

The agreement will allow the consolidation of the rural project in Coyolar and Orotina, towns located approximately 70 km east of the Costa Rican capital.

National Planning Minister Jorge Monge expressed "satisfaction" with the support that the EC gives to Costa Rican development. He recalled that the project, which began with an EC contribution of $35 million, has helped improve the living conditions of approximately 2,500 families.

The EC provides technical and economic assistance. The present aid will allow approximately 550 families to receive credits so that they may start a productive activity to generate sufficient income to satisfy their needs.

Moreover, Monge expressed his wish that the EC may soon give economic support to the border development projects that Panama and Costa Rica had previously prepared and that were suspended due to the political situation in Panama.

He also requested the European Community's financial and technical support so that Nicaragua and Costa Rica may start an overall border development project.

El Salvador

Cristiani Willing To Resume Talks With FMLN

PA2603201190 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 26 Mar 90

[Text] On 25 March, Salvadoran President Alfredo Cristiani said that his government is willing to resume the dialogue with the FMLN [Farabundo Marti National Liberation Front] as soon as possible. However, the president stressed that initially, he will not be present in the talks and instead will be represented by his delegates. Cristiani added that his decision not to directly participate in the dialogue with the FMLN has been made known to the UN secretary general. Therefore, it is hoped that the FMLN will take new steps for the resumption of the talks.

Cristiani made these remarks at the Ilopango military airport shortly before seeing off Honduran President Rafael Callejas, who paid an official visit to El Salvador on 25 March.

FMLN Representative on Talks

PA2603201390 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 26 Mar 90

[Text] Rolando Hernandez, representative of the Farabundo Marti National Liberation Front [FMLN] in the United States, has said that the FMLN believes the United Nations is the best forum for a positive negotiation between the guerrilla organization and the Salvadoran Government.

During a visit to Puerto Rico, the FMLN representative said: We ask the U.S. and Salvadoran Governments to adopt a more rational position to facilitate the actions of UN Secretary General Javier Perez de Cuellar. He said the FMLN is proposing a dialogue that will lead to negotiations, adding that specific proposals have been made to hold talks that will end the war.

Hernandez emphasized that his organization's efforts are not a sign of weakness, nor do they mean that it will suspend the armed struggle prior to the negotiations. The FMLN representative predicted that the armed struggle will continue because the FMLN has proof that after the November offensive, its advances in the military, political, and diplomatic fields increased the possibilities of negotiating the conflict. He indicated that the war is still being waged in El Salvador because both the government and the Army want to solve the conflict militarily.

Hernandez also said the 25 February elections in Nicaragua, where opposition candidate Violeta Chamorro won, creates new options for El Salvador. He said that prior to the Nicaraguan elections, a negotiated solution of the conflict was sought but that after the defeat of the Sandinist Front, sectors of the Salvadoran Army became emboldened, arguing that the Sandinist Front's defeat will provoke the collapse of the FMLN in the short or long term; therefore, there was no need for negotiations. Hernandez said that at the international level, the Nicaraguan elections showed that revolutions are able to guarantee honest elections like the one never seen before in Nicaragua. Nevertheless, he said the revolutionary process in El Salvador is not dependent on what occurred in Nicaragua, adding that even though both processes have links and common characteristics, this does not impose limits on the Salvadoran process.

Opposition Leaders Say FMLN Must Disarm

PA2703042090 Hamburg DPA in Spanish 0149 GMT 27 Mar 90

[Text] Caracas, 26 Mar (DPA)—Guillermo Ungo and Ruben Zamora, Salvadoran opposition leaders, today said the Farabundo Marti National Liberation Front [FMLN] should lay down its arms and become a strictly political organization.

Zamora, leader of the Social Christian People's Movement [MPSC] of El Salvador, said: "The FMLN must be transformed from a political-military force into a purely political force."

Ungo pointed out, however, that a "realistic stand," in which the greatest concessions could not be demanded, should be adopted. He emphasized the need for a "purge" of the ranks of the Salvadoran Army, which is involved in numerous human rights violations.

Ungo, Zamora, and Fidel Chavez Mena, ex-presidential candidate of the Christian Democratic Party [PDC], attended a meeting today with Venezuelan President Carlos Andres Perez.

In a news conference after the meeting with Perez, Ungo said: "The idea is not to decide between the government and the FMLN, but to recognize the need to face a democratization process in El Salvador just as pluralist, clean, and pure as that of Nicaragua."

On Wednesday, Salvadoran President Alfredo Cristiani will initiate a three-day visit to Venezuela to analyze the pacification process in El Salvador.

Perez has offered to mediate in the Salvadoran conflict, which has left more than 70,000 dead over the past few years.

Last week an FMLN delegation headed by Jorge Shafik Handal visited Caracas, where they reiterated their willingness to initiate talks with Cristiani's government.

Talks between the government and the opposition are being held in Mexico with the mediation of a personal representative of UN Secretary General Javier Perez de Cuellar.

During the meeting with Perez, Zamora said, the opposition leaders voiced their concern about the growing number of human rights violations under Cristiani's government, the extended state of siege, and the increasing activities of the death squads.

Chavez Mena pointed out that the Salvadoran PDC has always advocated the FMLN's incorporation into the democratic process. He insisted that the pacification process in El Salvador should take place in the framework of the Esquipulas II accords.

Nicaraguan President Daniel Ortega, Chavez Mena said, "complied with Esquipulas II. It is Cristiani's turn to do the same now."

Ungo pointed out that the participation of Latin American countries, like Venezuela, in the regional pacification process is stipulated in Esquipulas II.

Gerardo Godoy and Rene Flores of the Revolutionary Nationalist Movement, Jorge Villacosta of the MPSC, and Gerardo Le Chevalier, Eduardo Colindres, and Ricardo Acevedo of the PDC also participated in the meeting with Perez.

The opposition leaders, who disregarded a meeting with Cristiani, will meet tomorrow with Eduardo Fernandez, president of the International Christian Democratic Organization.

Central American Summit Reportedly Postponed

PA2603184090 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 26 Mar 90

[Text] Honduran President Rafael Leonardo Callejas met with Salvadoran President Alfredo Cristiani during an official visit to El Salvador on 25 March. It was reported that they discussed issues of importance for both countries, including electricity connections and the creation of a route that will facilitate the shipment of Salvadoran products through a port on Honduras' Atlantic coast.

Callejas also reported that the Central American presidential summit scheduled for the end of March has been postponed because of the presidents' many commitments. Nevertheless, it is believed the meeting might be held soon.

Guatemala

Minister Challenges U.S. Adviser on Fraud Charge

PA2603124990 Panama City ACAN in Spanish 1531 GMT 23 Mar 90

[Text] Guatemala, 23 Mar (ACAN-EFE)—Guatemalan Health Minister Carlos Gehlert publicly challenged U.S. Embassy adviser John Treacy today to prove that the people involved in the embezzlement of funds donated by the United States work in his ministry.

Gehlert and Treacy got involved in an argument on 22 March when the Guatemalan minister said that the Agency for International Development (AID) handled 52 percent of the funds donated by the organization for an immunization and anti-dehydration program.

The Guatemalan health minister also said that the people involved in the program's corruption were hired by AID, adding that he had reported the cases in January 1989.

Nevertheless, Treacy answered that AID had detected an embezzlement of $65,000 during an audit carried out in February 1988. AID suspended its $16.4 million aid to Guatemala for the immunization and anti-dehydration program on 16 March because of the fraudulent actions. According to the U.S. Embassy, 50 percent of the funds had already been turned over to Guatemala.

Treacy denied that AID handles the donations and said that "this is a serious case because we expect them to return the funds if they cannot present the proper documents to prove the expenses."

The health minister said today that the people involved in the embezzlement were hired by AID, and he asked Treacy to prove the contrary. "It is a lack of respect for a diplomat to defame a minister of state in a free, sovereign, and independent country," he said.

The U.S. Embassy adviser refuted Carlos Gehlert's statements and insisted that the program's coordinator works for the Ministry of Health, adding that the minister personally selects him.

Interior Minister Cited on Minera Navas Case

PA2703024390 Guatemala City Teleonce Television in Spanish 0400 GMT 22 Mar 90

[Text] Interior Minister Carlos A. Morales Villatoro made statements on 21 March concerning the case against former Lieutenant Jose Fernando Minera Navas. His statements emphasized a measure banning Minera Navas from talking to the press inside the 18th Zone Detention Center.

A conflicting situation was created when former Lt. Minera Navas announced that he would hold a news conference in the detention center to disclose the names of important government officials allegedly involved in international drug trafficking.

On the day Minera Navas was going to hold his news conference, authorities denied the press access to the detention center. The authorities argued that they were following the internal regulations of the institution. This caused angry reactions, especially on the part of Minera Navas' relatives, who said they were being purposely denied contact with the news media.

Interior Minister Carlos Morales Villatoro explained the reasons that led the authorities to adopt those measures.

[Begin Morales Villatoro recording] The sensitivity of this case prompted us to ensure Minera Navas' security, so we held consultations with the general directorate of the penitentiary system and ordered it to ensure his security. Naturally, after these contacts, we coordinated efforts with the court system, the Supreme Court of Justice, the judiciary branch, and the detention center. This way, if we are going to transfer... [changes thought] We have never transferred anybody without the permission of the corresponding judiciary authorities through the institution.

This situation gained momentum because of the way the reports have been handled in recent days. Thus, we have increased security around the 18th Zone Detention Center. We have implemented greater controls to avoid a possible attack, not only on Minera Navas but on the other inmates who deserve some respect. Moreover, we are responsible for the security of the inmates and that of the officials and personnel who work in the facility. [end recording]

Human Rights Prosecutor Issues Report to Congress

PA2603155890 Hamburg DPA in Spanish 1734 GMT 23 Mar 90

[Text] Guatemalan Human Rights Prosecutor Ramiro De Leon Carpio underscored in his report to Congress, disclosed today, that 54 executions by clandestine and paramilitary groups took place in the first two months of 1990.

The report adds there were 52 people reported missing (supposedly dead but their bodies have not been found), as well as other reports of human rights violations.

De Leon Carpio began his activities in December 1989, with the reopening of unsolved and filed away cases of human rights violations, and he is continuing with a program of reports of violations and promoting respect for human rights.

The renewal of the prosecutor's office has brought new hope in Guatemala, and many people go to file reports and seek protection.

The work of Leon Carpio and the other two prosecutors, Hernan Hurtado Prem and Cesar Alvarez Guadamuz, has received donations from the EEC, the United States, and other countries to extend and improve the work of the prosecutor's office.

Army Spokesman, Minister on Guerrilla Activity

PA2603135490 Panama City ACAN in Spanish 2111 GMT 21 Mar 90

[Text] Guatemala City, 21 Mar (ACAN - EFE)—The Guatemalan guerrillas should accept the amnesty offered by the government. Otherwise, "we cannot talk or reach an agreement," Guatemalan Army spokesman Colonel Luis Arturo Isaacs said today.

The officer said that the talks that the delegates of the National Reconciliation Commission [CRN] will hold with the leftist guerrillas in Norway "are of a strategic rapprochement," similar to those held in Costa Rica in 1988.

"If they (the guerrillas) continue to make the same demands they have been pressing for 30 years, we cannot reach any agreement. They must realize the changes occurring in the world and abide by the Esquipulas II peace accord stipulation. Otherwise, we cannot talk or reach an agreement," Col. Isaacs said.

He also said that in the talks to be held in Oslo 27-29 March on the conditions for the guerrillas' return to the country and their incorporation into the Guatemalan electoral process will be discussed.

Isaacs told the press that in light of the most recent actions, the rebels seek international notoriety in the short time before the Oslo talks.

The officer also reported that one person was slightly injured after several bombs detonated in San Marcos Department in the country's northwest.

In addition, Government Minister General Carlos Morales reported that the guerrillas attacked the home of the San Marcos governor, resulting in "some injured people."

Isaacs said that in an ambush in Los Encuentros in the country's west over the weekend, only one soldier and four other people were wounded, instead of eight as the rebels reported. "We do not conceal the kidnaping or assassination of Army members, but CERIGUA (the guerrilla news agency headquartered in Mexico City) has continued to give false reports," he said.

He also said that guerrillas kidnap peasants in San Marcos to incorporate them into the rebels' ranks because people no longer volunteer. He reported that the guerrillas have destroyed several bridges in the northern zone. These actions have damaged the infrastructure and caused unrest among the peasants.

Finally, Isaacs pointed out that the security forces will redouble their efforts to check the activities of the Guatemalam National Revolutionary Unity [URNG].

Explosions Rock San Marcos Department

PA2603160090 Guatemala City Teleonce Television in Spanish 0400 GMT 22 Mar 90

[Text] On the night of 20 March and early on 21 March, unidentified persons carried out attacks using explosives in San Marcos Department. One person was killed and three were wounded. There was also property damage of more than 100,000 quetzals in public and private buildings.

Killed was Danilo Solorzano, the Christian Democratic Party's secretary general, in the capital of San Marcos Department. Solorzano was also the Immigration Department's delegate in the Ciudad El Carmen border post.

At least eight bombs exploded in various places, wounding three persons. One of the bombs exploded in front of the residence of San Marcos Department Governor Carlos Martinez Orozco. Martinez Orozco was not injured, but a relative of his, identified as Alma Gominez Lopez, was injured.

The residence of Alfonso Villagran Reyna, the mayor of San Pedro Sacatepequez, was also attacked. There were no victims but property damage has been estimated at 36,000 quetzals.

Another bomb exploded in the residence of Mrs. Lilian Chan de Ochoa, resulting in property damage of more than 56,000 quetzales.

The other bombs exploded at a National Police station, a Military Police detachment building, and at other public buildings.

Immigration Department Director (Arturo Chur del Cid) has commented on the attack in which his delegate Solorzano died:

[Begin (Chur del Cid) recording] I have been told that a group of people intercepted him when he was traveling in his car and shot him. He had just been sworn in as El Carmen immigration post official. He was a senior Immigration Department official. He had just been promoted. [end recording]

Interior Minister Carlos Morales Villatoro and Army spokesman Arturo Isaacs were consulted on the bomb attacks in San Marcos.

[Begin Isaacs recording] We have been informed that grenades were thrown at the residence of the San Marcos Department governor this morning. A policeman was murdered on 18 March in San Marcos. We have other reports on subversive activities. Subversive elements are trying to make their presence felt these days not only because of the events that just concluded in Geneva but also because of a future meeting. They are trying to remain active and make their presence noticed. It could also be that they have stronger resources than what our civil and military intelligence sources have determined.

After the explosions in which a relative of the governor was injured, the governor requested help from the Interior Ministry, and we have given orders to the National Police in this regard. Right now the police are taking measures to provide additional security.

The bombs that exploded in San Marcos last night wounded one person. This kind of action creates unrest and if the media and the people make much ado, the attackers will have achieved their goal; they would be demonstrating that they are very active, especially now when a national commission is going to be speaking in Oslo with so-called rebel commanders. [end recording]

Honduras

'Most' Contras Reportedly Already Left Camps

PA2603230690 Paris AFP in Spanish 2054 GMT 26 Mar 90

[Text] Yamales, Honduras, 26 Mar (AFP)—Most of the more or less 18,000 contras are already in Nicaragua, and some 4,000 have abandoned their camps in eastern Honduras in the past few days, various rebel sources and inhabitants of this region, which is 260 km from Tegucigalpa, have reported.

Their return, however, occurred before their demobilization was agreed upon in Tegucigalpa on Friday by the Nicaraguan Resistance (RN) leadership and the National Opposition Union (UNO), endorsed by Cardinal Miguel Obando y Bravo. It was agreed that the demobilization should end by 20 April at the latest, five days before the transfer of power in Nicaragua.

Several combatants interviewed by a local correspondent in Yamales, the base for the camps and the contra general staff, said they did not trust President Daniel Ortega to "really" fulfill the demobilization agreements, although all of them claimed to know of the content.

"The commanders are the ones who decide, but we are willing to comply, and by 20 April we will be in Nicaragua," some rebels engaged in routine activities in the camps stated.

"Dr. Jaime," a commander who is responsible for the RN's humanitarian program in the areas of medicine and rehabilitation, said the combatants were "optimistic over the agreements, but skeptical at the same time, in light of the military operations of the Sandinist People's Army (EPS)."

"Dr. Jaime" stated that "90 percent of the combatants are already in Nicaragua ready to defend the reconciliation process."

According to inhabitants of Capire and Yamales, the two communities where the contras operate, there are still some 8,000 armed men in the zone. Around the early part of this month, RN spokesmen had said that there were from 10,000 to 12,000 contras in the Yamales camps and that 6,000 others were in northern Nicaragua.

Relatives of the contras live in the zone of Capire and Yamales, according to "Dr. Jaime," who urged the new government to grant all the guarantees so that they and their relatives can return to Nicaragua.

The new government, he declared, must permit the RN "to participate actively in the country's reconstruction. Anyone who observes the agreements will understand the profound love the combatants feel for our people." He added: "We can assure the Nicaraguan people that we are united in wanting to achieve reconciliation and secure the path of peace in dignified conditions of liberty that will guarantee the unity of the entire Nicaraguan family."

"Dr. Jaime" explained that demobilization, a term he does not agree with, started in 1988 with the accords signed between the Sandinists and contras in Sapoa in southern Nicaragua, "when we had to fall back toward Honduras of our own will and because of our pacifist vocation." He also said that the RN members are afraid the EPS will unleash an armed campaign to destabilize the way to peace, which will be President Violeta de Chamorro's presidential term. "If that happens," he said, "the resistance will use their arms to protect the people's will expressed at the ballot boxes."

He pointed out that "it is impossible to trust Ortega, because for 10 years he has been saying whatever he wanted." Only one week ago, Ortega said he "would recognize a compromise" between the RN and UNO, "but only to the extent that he, his political organization, and the Armed Forces are also recognized."

"Dr. Jaime" also said: "It is unacceptable that the EPS and state security, which answer to the Interior Ministry, continue to mock the people." He said that "this is a political and military strategy to remain in power."

He also reported that the EPS "is attempting to encircle and annihilate" the combatants who will settle in delimited zones in Nicaragua and who, according to the Tegucigalpa accords signed on Friday, will be supervised by the UN Observer Group in Central America, the International Commission for Support and Verification, and Cardinal Miguel Obando y Bravo. According to the RN leader, the zones should be established in the northern, central, southern, and eastern parts of Nicaragua, "and then the two bands involved in the fighting should be gradually disarmed."

"Dr. Jaime" also said the contras play "a leading role in this struggle of sweat and blood, and out of respect for this struggle and the combatants, we must prevent the aggravation of the war." In conclusion, he said: "We did it like this to stop shedding the blood of ill-trained youths and militiamen while their elite army was used to protect the interests of a government that mocked the people and split the Nicaraguan family."

Nicaragua

Contras Express Support for Toncontin Agreement

PA2703003690 Managua Radio Corporacion in Spanish 2325 GMT 26 Mar 90

[Text] The internal resistance front of the Jorge Salazar Detachment No. 2 under Commanders Negro, Bayardo, Piedrita, Villanueva, and Medialuna stated to Radio Corporacion today that they support the Toncontin document.

This past weekend, the troops of the internal resistance held a political meeting in the 5th Region. During the meeting, the demobilization agreed on by the negotiations commission of the resistance and Cardinal Miguel Obando y Bravo was explained.

Commander Negro said that when the government of Violeta Chamorro takes power, it must fully comply with the guarantees offered by Daniel Ortega in exchange for the resistance troops to halt the war.

Let us listen to Commander Negro, commander of the Nicaraguan internal resistance forces:

[Begin Commander Negro recording] On this occasion we are accompanied by the commanders of the Wenceslao (Avilet) Central Front, which is headed by Commander Medialuna and Commander Analias; other commandos of the Wenceslao (Avilet) Front; and yours truly, (Jose Antonio Ballardo).

I will begin by explaining what the meeting is about. I, personally and on behalf of my battalion and the fighters, thank you for being here. Regarding the political and military situation in Nicaragua, I want to explain the current situation. We wanted to meet with you because we know that for eight years you have been connected with the Nicaraguan Resistance. We thank you for your cooperation throughout these years. We acknowledge

your efforts. You have fought at our side. This is on the minds of all the commandos.

The current situation is this: Presently, demobilization and disarmament are in vogue in national politics and in the national and international media.

I am not going to go into details. Others will discuss the demobilization issue. We want to say that there will be no demobilization if the conditions for our reintegration into the country's social life do not exist. The media are manipulating this situation. The Sandinist media are taking great advantage of this. They are telling the people that our demobilization is a fact. However, we are the ones who have the last word. We have a group that [words indistinct]. Many from the commando units have died or been maimed, and many families have suffered throughout this criminal war imposed by the ideology and the interests of a party.

We have seen that there has been a political opening in Nicaragua [words indistinct], and we have been accused of being an obstacle to the transition process. We say that we are not an obstacle to that process. We simply need guarantees for demobilization. We have nothing against the new democracy that is coming, because we have struggled for it. Besides, we agree with the government platform of the opposition, because we think it includes all the necessary democratic conditions the Nicaraguan people need to change their situation. We have said that we are not linked to any political party. We are just saying that we are fighters for democracy and liberty. We do not respond to the interests of any political party, person, or foreign nation.

We want to make this clear. We want you to know that we are not going to abandon you. We are going to remain armed even after 25 April, if necessary, depending on how the negotiations go. [end recording]

Tinoco Says EPS Will Not Be Dismantled

PA2603203590 Managua Radio Sandino in Spanish 1942 GMT 26 Mar 90

[Text] Deputy Foreign Minister Victor Hugo Tinoco said today that the agreement reached on 23 March on the unconditional disarming of the counterrevolution precludes the parallel dismantling of the Sandinist People's Army [EPS]. Tinoco said that the absurd theory of symmetry was defeated—referring to the demands initially made by the Nicaraguan Resistance for the Army's dismantling.

This idea, he added, was supported by recalcitrant Nicaraguan rightwingers, grouped in several of the parties that comprise the National Opposition Union, and a few U.S. extremists, particularly Defense Secretary Richard Cheney. Tinoco said that once the contras cease to exist, and considering the regional security plan and the guarantees of respect for national security put forth by the U.S. Administration, the EPS may be reduced. He even said that if the current government had won the elections, the EPS would have been reduced in order to reallocate the national budget to allot a larger amount of resources to the country's reconstruction.

For the deputy foreign minister, the EPS' reduction would ensure the achievement of a reasonable balance of power at the Central American level.

Godoy Comments on Charges Against Him

PA2703042290 Managua Radio Catolica in Spanish 1130 GMT 21 Mar 90

[Interview with Vice President-elect Virgilio Godoy by unidentified reporter on 20 March in Managua—recorded]

[Text] [Godoy] I have tried to avoid making any kind of statements on this issue because I am trying to find the origin of the charges and an explanation for this new offensive. The people of Nicaragua may remember that prior to my nomination there was a strong offensive against me, that at the moment of my nomination there was another offensive, and that afterwards there was a new one, as a result of which I was deprived of parliamentary privileges last year at the end of November. I have maintained an expectant attitude to see how low human misery can go in this country. Some people have already demonstrated that they are champions at it. However, things have changed.

Approximately one month ago, around 20 February, a few days before the elections, a couple of people who, for work reasons, are linked to the office of the mayor of Managua said that there would be a new offensive against me and that it would be stronger than the previous one. Last week, a National Assembly official told an Independent Liberal Party deputy: Now your chief will know the truth, because we are going to put him in prison.

I am reporting this to make a couple of things known: One is that the Sandinist Front wants to go out kicking me, and the other is that the private sector people are involved in this. I am going to be investigating this in the next few days to find out what is behind all of it.

There are fewer people filing suit against me than last year, but they form part of the same group. They are the authors of the suit. Some have clear reasons for acting the way they act, while others do not. We are watching the situation carefully to see how we are going to respond to this new campaign of slander and discredit that involves, in this case, judicial mechanisms.

Yesterday, four people presented to Managua's Fourth District Criminal Court justice a paper containing charges—it was not a suit—on a senseless matter that has no basis or grounds. What is interesting is that they have already presented this and they were accompanied by the Sandinist television. Photographers and reporters of the Sandinist newspapers were there, as well as Radio Sandino, Radio La Voz de Nicaragua, and People's Radio

Broadcasting Corporation journalists. This clearly indicates that all this is part of a political conspiracy.

Sometimes I think all this is because of something that goes back a few years. I think some time ago I said that during a reception at the Spanish Embassy one of the nine commanders said in front of a group of journalists that, in the opinion of the Sandinist Front, I was the most dangerous person for them. It was around that time that attacks against me increased to the point that last year I was deprived of parliamentary immunity. Now charges have been filed against me at Managua's Fourth District Criminal Court.

Therefore, I continue watching this and organizing ways to cope with this new guerrilla action by the government. Deep down, it points to an interest in weakening the figure of the vice president-elect and, if at all possible, in eliminating him, because he is regarded as the hard-liner among the new Nicaraguan rulers. However, they will probably not get their way, which is what has been happening to them since this onslaught of attacks began. Yet, they have harmed me, because suspicions always linger when one is slandered.

However, yesterday, the people of Nicaragua spontaneously demonstrated that they understand what is happening. When those four individuals went to the Fourth District Court, they were jeered by the crowd who saw them arriving in the company of a slew of pro-government reporters from television, radio, and the press. The people called them all sorts of names, even traitors, as was heard in the recordings broadcast by Radio Sandino. The reporters could not help recording the spontaneous protests because they were recording the remarks by some of the aforementioned individuals. One of the worst rags in Nicaraguan history has a report saying the crowds were organized to do that, when this was a truly spontaneous show of rejection of a truly deplorable attitude.

[Reporter] [Words indistinct] there are members of the private sector in this political group. Can you tell us why you think some of these persons want to harm you?

[Godoy] I do not really understand why they want that. I heard some people who come to this office say that one of the masterminds behind this new attack had stated on a Managua radio station that he had received backing from the private sector to participate in this new campaign. Basically, this is all we know about it. Although the motives behind this action are not clear, we have reason to believe that this is what is indeed happening. The campaign aims at weakening the vice president, for reasons other than what the Sandinists may have. What do they seek? I cannot categorically state this without first finding out why these people and institutions, which I do not want to mention, are doing it.

Later we will have the opportunity to discuss the matter more thoroughly, and I will speak as clearly as possible, giving names. If institutions are behind this by financing the campaign, I will give their names.

[Reporter] Why have you refrained from answering questions from different news media?

[Godoy] I have my reasons. I do not make comments to the pro-government media; that is, to BARRICADA, to BARRICADA's afternoon edition, which is a rag, to the Sandinist television that distorts and misinforms, to Coradep [People's Radio Broadcasting Corporation] news casts, or to the government stations serving the ruling party.

Moreover, I chose to adopt a wait and see attitude for a reason I have never mentioned before. I have always believed that verbal attacks against me, no matter how harsh, remove the danger of physical aggression. When this journalistic terrorism ends, I will have to be more careful, because I think I will be in greater danger of a physical attack or even murder. That is why I chose to let them waste their time in this campaign of slander and defamation of character. Letting these things happen somehow gives me greater personal security. Let us see how long this lasts. Henceforth, I will have to be more careful, as I may be facing other kinds of action, which are not unheard of in this country's political history, much less in its recent political history.

USSR Delivers Last Food Shipment

PA2703010790 Managua BARRICADA in Spanish 22 Mar 90 p 5

[Text] Vasiliy Voinov, chief of the USSR trade mission in Nicaragua, yesterday presented the last shipment of rice to be sent under the aid protocol signed five years ago between Nicaragua's revolutionary government and the Soviet Government.

Aid in the form of food, specifically rice, which has been a tradition since 1986, ended with the shipment of 9,500 tons on the ship Lu-shan, of which 4,500 were for the National Basic Foods Enterprise [Enabas], and the rest for the Armed Forces.

The head of the Soviet trade mission said that the 4,500 tons were the fourth shipment of rice for 1990, and brought the total amount that Enabas has received this year to 25,000 tons.

Enabas Marketing Manager Gerardo Bravo, on behalf of Enabas Director Commander William Ramirez, expressed appreciation with the socialist people's solidarity.

As you may remember, Enabas received 500 tons of rice as the first quota of aid for the year. That quota came at the same time as 7,500 tons of the quota from the previous cycle. Another 20,000 tons arrived in February. Those, together with the 4,500 tons that the Soviet trade representative presented yesterday, complete the 25,000 tons assigned to Nicaraguans in 1990.

The Soviet official announced that the ship Murom has already arrived in Corinto with 12,000 tons of wheat. It will be presented to the revolutionary government in a ceremony on Wednesday.

He said that the three-year agreement signed with the Nicaraguan Government regarding oil supplies will end this month with the arrival of the last oil shipments.

The official explained that the shipment of other products like animal feed, oil, and machinery that are included in agreements signed between governments is still pending.

We must point out that Soviet collaboration over the last 10 years has been broad, both in donations and in the purchase of goods vital to the economy through credit lines.

The chief of the Soviet trade mission remembered that just last year the USSR gave the Nicaraguan people 32,000 tons of rice, 35,000 tons of wheat, 4,500 tons of wheat flour, 1,000 tons of baby food, 1,000 tons of feed, and one I-150 4M airplane for the Aeronica airline, valued at $30,000,000. This was just part of the aid based on the USSR's internationalist spirit, the official explained.

Meanwhile, Nicaragua bought 400,000 tons of oil and oil by-products during 1989, as established by the three-year aid protocol signed in 1988, which provides for a commercial credit in five-year payments.

Voinov added that his government has already received a request from the president-elect for the USSR not to reduce its aid. "We have already held meetings with representatives of the future government in which the need for continued assistance was mentioned," the official said.

Panama

Guillermo Ford Comments on Results of U.S. Trip

PA2603201790 Panama City Circuito RPC Television in Spanish 1745 GMT 26 Mar 90

[Statement by Vice President Guillermo Ford in Panama City on 24 March—recorded]

[Text] We must understand that the U.S. Congress uses a very complex mechanism. However, I am pretty sure that they will quickly issue this law—the U.S. President is doing everything he can to ensure that it is approved no later than 6 April, that is, before the Easter break—and I have the impression, without exaggerating my optimism, that the $500-million aid package for Panama will be approved.

We also dispelled some doubts of some congressmen; it is very natural for them to harbor such doubts. We do not seek to take anything away from anyone; we want them to support Dona Violeta Chamorro, and we want them to support Eastern Europe. We just do not want them to take anything away from us, because we need the money to meet the needs of poor people, and above all, to create jobs in Panama.

I just arrived and am being told that certain nincompoops [mamarrachos] here in Panama are trying to surge foward again, because they having nothing else to do. They are saying that Ford has failed. I want them to come see me and I will tell them how I failed. They are bad Panamanians who will find no place in this reconstruction and reconciliation government.

In sum, I repeat that I am prudently optimistic. I will not say that I brought back a check with me, because that is not so. However, I would like to publicize the great attention that the Republic of Panama deserved, the great respect that they had for our country—from the U.S. President to congressmen.

Among the most important aspects of my trip, I visited four financial institutions, including the International Finance Corporation, the World Bank, and the IDB [Inter-American Development Bank]. These are Panama's creditors. We told them with absolute honesty that we have targeted $130 million in an attempt to establish a package to pay arrears amounting to $540 million. We encountered extraordinary support and understanding. Panamanian Ambassador to Washington Mr. Vallarino, beginning on 26 March, will hold meetings with them. It is important to note that [IDB] President Enrique Iglesias showed an extraordinary degree of understanding. In other words, in Washington there is interest—not only at the level of the U.S. Government but also on the part of all financial institutions—in helping us, because they would do no good to Panamanian democracy by not supporting us. I told them: The people do not eat democracy; the people eat in democracy. Help us build and consolidate democracy. They understood that; it was a clear message.

Endara Government Repeals Media Regulations

PA2703040790 Panama City LA PRENSA in Spanish 22 Mar 90 p 1A

[Report by Althea Foster de Chavarria]

[Text] The Government of National Reconstruction and Reconciliation headed by President Guillermo Endara Galimany has repealed Articles No. 60 and 61A imposed by the regime of Former General Manuel Antonio Noriega. The articles limited freedom of expression in Panama.

Decree No. 37 of 21 March 1990, which repealed the aforementioned articles, was released by Ricardo Arias Calderon, first vice president and government and justice minister, last night during the installation of the new National Journalists Association [Conape] board of directors headed by Professor Alberto Quiros Guardia.

President Endara also attended the ceremony. Endara said that the former articles were "a true gag rule that has

no place in a democratic government and within a free regime. Even if the articles were still in effect now, they would have never been applied by the current government."

"We should have repealed these articles, which harmed freedom of expression in our country, a long time ago. We decided to make the formal announcement of the repeal of these articles today during the installation of the new Conape board of directors," Endara stated.

In answer to questions as to whether there will be new regulations on journalism, President Endara said that the word regulation is not the most appropriate when dealing with journalism and freedom of expression, because they are freedoms and therefore cannot be regulated.

Endara added: It is necessary, however, to give adequate training to journalists and to teach them to use the right they possess as media representatives appropriately. If need be, we will issue the corresponding regulations as has been done in other professions.

As for the future of the Journalists' Union of Panama, Guillermo Endara indicated that the union "experienced a deep decline." He said that he hopes that one day this union will overcome its problems so that journalists form a single unity, which like Conape, may prove that there are "true" journalists in Panama.

Prof. Alberto Quiros Guardia said he is pleased with the repeal of the aforementioned articles, which limited freedom of expression in Panama for a long time. In the statement of his principles, Quiros Guardia said that the country is experiencing a crisis, which we will overcome only with the joint efforts of all Panamanians. During the ceremony Quiros Guardia said: "The goal of every competent journalist is to tell the truth regardless of how difficult and compromising it may be. The ill intentioned use of manipulating half-truths should be kept outside of journalists' ethics. The new Conape president promised to work for a free, responsible, and participative community to build a politically democratic and morally fair and free nation.

Quiros Guardia stressed that "the country is experiencing a deep moral, housing, health, security, and education crisis, which should become a challenge that should help us grow." Quiros Guardia added that Conape is willing to contribute to the solution of that crisis to become the pride of the entire nation.

Finally, the Conape president gave recognition to Panamanian women and especially to those who belong to Conape for the worthy role that they played in the struggle against the dictatorship.

Outgoing Conape President Alberto Conte said that after two and a half years of uninterrupted work as the head of Conape, he is very pleased to pass on his responsibility to a man like Prof. Alberto Quiros Guardia, whose most important qualities are his love for the homeland and his devotion to freedom of expression.

Conte stressed: "Now that we have a government that is the result of the Panamanian people's rejection of the dictatorship, I am sure that the new Conape board of directors will serve the country's interests and not political interests.

Conte finally added that to attain that goal, it is not necessary to have more laws than those condemning noncompliance with that single national development goal. He said that the media or the journalist who refuses to contribute to the common welfare of all Panamanians does not deserve the social responsibility that this role confers upon them." [quotation marks as published]

The ceremony, which began half an hour late, was attended by many journalists and also by Panamanian President Guillermo Endara, his fiancee Ana Mae Diaz, First Vice President Ricardo Arias Calderon, various ministers, directors of autonomous institutions, and prominent Panamanian politicians.

New Conape members, who promised to defend the right to freedom of expression, were also sworn in during the ceremony.

In addition, plaques of recognition were given to Priest Fernando Guardia, journalist Guillermo Sanchez Borbon, Judith de Leon, Guillermo Fernandez, journalist Adolfo Perez from the newspaper LA ESTRELLA DE PANAMA, and Engineer Jaime Ignacio Fabrega. Certificates were delivered to Flor Ortega and cameraman Fernando Arauz of Telemetro Television Channel 13, who was wounded during the coverage of a news report for Channel 13. These people were given these plaques and certificates for their permanent struggle in favor of free journalism.

Conape was founded in 1986 with 80 members. Since the foundation of Conape, its members have been victims of persecution by the regime of former General Manuel Noriega and his closest followers because of the group's combative position against the military dictatorship.

Lawyers Group To Sue at U.S. Supreme Court

PA2603131790 Panama City EL PANAMA AMERICA in Spanish 23 Mar 90 p 1A

[Report by Carlos Vargas]

[Text] The legal firm "Abogados Asociados" will send a team to the U.S. Supreme Court in 10 days. The team will present an indemnity suit for the damage caused to El Chorrillo residents during the U.S. "Just Cause" military operation on 20 December 1989.

At the end of this month, a team of lawyers will travel to Washington as legal representatives of the El Chorrillo victims. "Abogados Asociados" will carry with them testimony and documents to present a formal suit

against the U.S. Government for the damage caused during its December military action in Panama.

Some of the victims allege that the Torrijos-Carter treaties include a clause that indicates the United States is obliged to pay damages caused by a U.S. Army agent to any private or public Panamanian property. The December action left approximately 18,000 victims.

The victims have noted that the $6,500 offered to the war refugees, as well as the attempts to relocate the Chorrillo residents, without taking into account their economic and social reality, are attempts to evade responsibility toward those affected.

Expelled Cuban Ambassador Leaves Country

PA2703025490 Panama City ACAN in Spanish 0215 GMT 27 Mar 90

[Text] Panama City, 26 Mar (ACAN-EFE)—Lazaro Mora, the Cuban ambassador to Panama, left here tonight for Havana aboard a regular Cubana de Aviacion flight, hours before the expiration of the five-day deadline set by the Panamanian Government for him to leave the country.

Mora turned down Panamanian and foreign reporters who tried to interview him at the international airport where he arrived three hours before his flight departed.

Mora was accompanied by five other persons, including his wife Maria Helena Salazar and Luis Delfin Perez, the commercial attache. A Panamanian Foreign Ministry official, who declined to speak to newsmen, also went to the airport.

Since Panamanian Foreign Minister Julio Linares announced Mora's expulsion on Thursday, neither he nor the Cuban Government has issued any official statement.

According to Linares, the ambassador was expelled in light of the reiterated statements by the Cuban regime that it does not recognize the Panamanian Government headed by President Guillermo Endara, following the U.S. invasion in December.

PAPO Official on Assembly, U.S. Action

PA2703024590 Panama City Radio KW Continente in Spanish 1200 GMT 5 Mar 90

[Interview with Ricardo Turner of the Popular Action Party, PAPO, by reporter Ramon Jimenez Velez in Panama City—live]

[Excerpt] [Passage omitted] [Jimenez] From a nationalist standpoint, how does the PAPO regard the U.S. invasion which destroyed an army, and the United States Army, which is viewed as an army of occupation?

[Turner] I want to say that things are not always as they seem. If we called ourselves leftists, because that term has been so discredited, we would be in a difficult situation. Therefore, we have to define our ideas. It is no secret that we highly deplored the invasion. However, we agree with the remarks by Legislator Olimpo Saenz on 2 March. Former General Manuel Antonio Noriega was responsible for the U.S. invasion of Panama. He declared war on the United States. Do you remember that? If you declare war on a country like the United States, the United States is going to invade. We do not like to comment on things after they happen. As my grandmother used to say, one should prepare for the pain before it comes. We must issue warnings so that we can take the necessary precautions. We do not agree with the invasion, but it happened. It is a fact. We must follow a course that will quickly allow us to overcome that situation and progress as a nation. That is one of the reasons why we feel that the nation must have a constituent assembly. The Panamanian nation must consolidate its unity, characteristics, culture, and ideals. That can only happen through a broad debate, not behind closed doors. All views on the new constitution must be debated. From this debate, we will determine if we want to be an independent republic, or, as some Panamanians who have been somewhat misguided by the euphoria of the invasion want, a U.S. colony. The debate will prove that we want to be an independent nation, primarily because the United States is not interested in us as a colony, but rather as a place where it can do as it pleases. That is why we must have our own identity; this can be achieved through a broad debate at a constituent assembly.

[Jimenez] It would seem that the prevailing view is that one of the ways to alleviate the consequences of the invasion would be through economic aid. We are asking the United States for economic aid.

[Turner] Just as I listen to you every day, I go to Cristo Rey Church's 1100 mass every Sunday. I remember when President Guillermo Endara took U.S. Vice President Dan Quayle there. I remember that Father Xavier Villanueva told Quayle that the Panamanian people did not want economic aid, but fair compensation. We agree. If we consider the arsenal that the United States took—to who knows where—a great deal of money is involved.

[Jimenez] On 3 March (Feliciana Ortiz) made the same charge. The United States seized a large quantity of weapons which belonged to Panama and the Panamanian people without paying anything. I think the United States also took a helicopter.

[Turner] The United States also took the information that General Manuel Antonio Noriega had. That information belonged to the Panamanian people. We have no evidence of any of Manuel Antonio Noriega's dealings as a Central Intelligence Agency agent because the United States took it. We have no evidence against Noriega or any of his aides. That information belonged to Panama and it was taken from us. That evidence seems to be a part of the war booty that the United States took from Panama. That is why we insist on all of these things being debated at a constituent national assembly. In Ecuador,

the congress is demanding that the CIA and U.S. Government provide all information on Roldos' murder. We have to obtain all of the information that the United States skillfully took away.

Keep in mind that on 19 December, a Hercules C-138 [as heard] airplane of the Israeli Air Force took off from the Tocumen International Airport because the United States had tipped Israeli intelligence off regarding the invasion. The Israeli intelligence people packed up everything that could have been proof of its ties to the dictatorship and took it with them.

Panama has been a land for everybody except Panamanians. PAPO wants Panama to be for Panamanians. We are concerned about this because the United States had recruited Manuel Antonio Noriega, and who knows how many more, a long time ago. After the 1968 coup, the United States gave the military weapons, trained them, taught them how to be torturers, and supported them in every way. The United States knew that gunrunning was going on; they knew about the drug trafficking and the money laundering. They knew that all sorts of information was being exchanged here. They knew everything. Information was given to Fidel Castro, to the CIA, to Libya and Israel, and all the while, drug trafficking operations were going on.

I do not understand what kind of morals we had here in Panama, but the United States was aware of everything; the situation developed right before their eyes. They are the primary culprits behind what happened in Panama. If someone teaches another person to commit a crime and then gives that person a weapon enabling them to attack, when the latter actually does attack and kill, the mastermind and perpetrator of the crime is evident. That is why our laws determine who is the mastermind and who is a perpetrator. I accuse the United States of masterminding the tragedy that Panama is experiencing. We must keep this in mind so that we can demand justice. [passage omitted]

People's Party Rejects Links With M-20 Group

PA2703000890 Panama City CRITICA LIBRE in Spanish 23 Mar 90 p 10

[Report by Justino Gonzalez Jr.]

[Text] On 22 March, the Marxist-Leninist People's Party rejected accusations that they support the alleged M-20 guerrilla group in its plans to murder President Guillermo Endara Galimany, and asserted that this organization proposes "a patriotic and political resolution" of the country's problems.

Recently, Panamanian authorities arrested Samudio Bonagas, the assumed leader of the M-20, and stated that he and two other persons are allegedly involved in distributing M-20 leaflets that announced attacks against U.S. citizens and President Endara.

Carlos Changmarin, member of the People's Party political bureau, said the person who had been arrested was not a member of this organization.

"Nobody can call us terrorists or an organization that enters into adventurous actions," said Changmarin when he made reference to the M-20 leaflets that are attributed to the People's Party and which threatened government officials and U.S. citizens with death.

In the case of Dr. Manuel Pardo, whom the authorities are searching for, Changmarin accepted that he is a militant communist but rejected the charges that he is linked to the distribution of this leaflet. He added that Pardo worked in Chiriqui as a volunteer medical doctor in the Indian areas.

Argentina

Santiago del Estero Police Conflict Settled

PY2703015090 Buenos Aires TELAM in Spanish 0000 GMT 27 Mar 90

[Excerpt] Santiago del Estero, 26 Mar (TELAM)—The Santiago del Estero police conflict was overcome this afternoon when the rebel police officers who had stationed themselves in front of the police headquearters accepted the government's proposal for a basic salary of 450,000 australes per month.

Public Information Under Secretary Luis Alberto Covalan reported the solution of the conflict. He added that the rebels had accepted a proposal consisting of a basic salary of 450,000 australes. [passage omitted]

Menem on Possible Bush Visit, Thatcher Meeting

PY2603142890 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1217 GMT 26 Mar 90

[Text] Buenos Aires, 26 Mar (EFE)—President Carlos Menem said this morning that it is "very probable" that his U.S. counterpart George Bush will visit Argentina in September this year, although he did not give the exact date for Bush's arrival.

Speaking at Government House, Menem denied that he is planning to meet British Prime Minister Margaret Thatcher in the coming weeks but did not rule out the possibility of holding this meeting sometime in the future.

Seineldin Departs for La Pampa To Serve Time

PY2603125690 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1224 GMT 26 Mar 90

[Text] Buenos Aires, 26 Mar (NA)—Escorted by high ranking Army staff officers, Colonel Mohamed Ali Seineldin, retired, left his residence in Belgrano neighborhood at 0900 today. He will be taken to Santa Rosa, La Pampa Province, where he will serve a 20-day sentence.

A NOTICIAS ARGENTINAS journalist saw the leader of the Villa Martelli incident getting into an Army van to go to the Aeroparque Metropolitan Airport where he will board a plane that will take him to the capital of La Pampa Province.

Seineldin will serve a 20-day sentence for releasing a document last week warning about possible divisions within the Army.

Soviets To Help Build Hydroelectric Complex

PY2603165090 Buenos Aires LA PRENSA in Spanish 18 Mar 90 p 4 of the Rural Section

[Text] Mendoza (TELAM)—Roberto Cuevas, the Mendoza secretary for Industry, Foreign Trade, and Investments, has announced that Soviet companies will finance the construction of the Nihuil IV Hydroelectric Complex, which will cost $30 million.

Cuevas reported on the results of the XIIth Meeting of the Soviet-Argentine Binational Commission, which was held in Buenos Aires. Leonid Zybylin, the Soviet Defense Industry deputy minister [name and title as published] attended the meeting.

Cuevas deemed "satisfactory" the results obtained by his province with the signing of the final act of the binational organization, and said: "This is the result of intense negotiations by the provincial government, which began negotiations with the USSR two years ago."

Cuevas also commented on the construction, which will begin soon in Mendoza, of a plant for assembling trolley buses and another for assembling tractors. He emphasized "the importance of the proposals made and the conclusions reached on the construction, by the USSR, of minihydroelectric plants on the provincial rivers."

Brazil

Four Embassies Close, Four Consulates Downgraded

PY2603155290 Rio de Janeiro O GLOBO in Portuguese 17 Mar 90 p 20

[Text] Brasilia—It is not just for economic reasons that the government has closed four of its embassies to international organizations and "lowered" the level of four first class consulates general. The decision is also based on career operational reasons and on administrative flexibility. The embassies that have now been closed were created five years ago and, according to the group that ordered their closure, the experiment was not a success.

The embassies have been closed at the Delegation for Disarmament and Human Rights in Geneva; the Permanent Delegation to International Organizations in London; the Permanent Delegation to UN Organizations in Vienna; and the Permanent Representation to UN Food and Agriculture Organization and Related Organizations in Rome. The consulates that have been lowered and no longer have to be headed by ambassadors are in Milan, New York, Porto, and Los Angeles. The officials who were serving at these consulates will be moved to other posts.

Collor Gears Calha Norte Program to Environment

PY2703022690 Rio de Janeiro O GLOBO in Portuguese 22 Mar 90 p 6

[Report by Guilherme Evelin]

[Text] Brasilia—The Calha Norte Program, formerly the Calha Norte Project, will now give priority treatment to the preservation of the Amazon jungle. This decision was made by President Fernando Collor, who yesterday held a meeting with his ministers to reformulate the project for the occupation of Brazil's northern border areas, created in 1985 under the now extinct National Security Council. According to presidential spokesman Claudio Humberto de Rosa e Silva, the president has ordered that the Calha Norte Program give "absolute priority treatment to the environment issue." On 24 March President Collor will visit the gold mining areas and the Ianomami Indian settlements in Roraima, near the Venezuelan border.

President Collor's order to give priority to the preservation of the environment will in practice mean the "demilitarization" of the program. All meetings to discuss Calha Norte will now have to include a representative of the Environment, Science, and Technology Secretariat. The Army, Aeronautics, and Navy Ministries' plans to increase the military presence, which had reached an advanced phase, will experience a slowdown.

The reformulation of Calha Norte ordered by President Collor began with a correction of the name: Instead of project, as it was erroneously named, it will now be called the Calha Norte Program. With the dismantling of the Secretariat for National Defense Consultation (Saden), which replaced the National Security Council and was responsible for coordinating government actions on the borders, Calha Norte is now handled by the Secretariat for Strategic Matters. The Department for Special Programs—still without a director—of the aforementioned secretariat will be responsible for executing this program.

The minister-level meeting was attended by all state ministers and special secretaries of the Presidency of the Republic. President Collor was already at Planalto Palace at 0700 to start the meeting, which was held in the auditorium of the Planalto Annex. The chief of the military household, General Agenor Homem de Carvalho, was in charge of explaining the Calha Norte Program. At the president's request, Environment Secretary Jose Lutzenberger and Science and Technology Secretary Jose Goldemberg also addressed the subject. According to Claudio Humberto, President Collor is "interested in the subject" and wanted detailed information on the program.

Government Withdraws Two Provisional Measures

PY2703034890 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 16 Mar 90

[Text] The government withdrew from Congress today the two most controversial provisional measures of the new economic plan. We have a report from Alexandre Garcia:

[Begin recording] [Garcia] Provisional Measure 153 defines crimes against abuse of economic power and establishes punishments for those crimes. Provisional Measure 156 defines crimes against the national economy and establishes punishments for those crimes. Article 5 of the Constitution says that there is no crime without a previous law defining it nor punishment without a legal accusation. This created a great juridical discussion, and this morning the president summoned Justice Minister Bernardo Cabral to Planalto Palace and ordered him to withdraw the two provisional measures from Congress. The president asked him, however, to find a way to continue to protect consumers and the economy of the people and to arrest tax evaders.

After the meeting Minister Cabral went to the Justice Ministry and held another meeting with Economy Minister Celia Cardoso de Mello, Consultant General of the Republic Celio Silva, and Federal Revenue Secretary Romeo Tuma. Justice Minister Cabral explained why the president decided to withdraw the two provisional measures.

[Cabral] President Fernando Collor realized that an important juridical issue was creating concern over the unconstitutionality of the two measures. He based his decision on this and the fact that he always plans to respect the Constitution.

[Garcia] During the meeting a decision was made to replace the two provisional measures tomorrow with two draft laws and a provisional measure; these items are being drawn up tonight by the justice and economy ministers and the consultant general. The two draft laws will maintain the same harshness for crimes against the national economy and the abuse of economic power, as was established in the provisional measures that are being withdrawn. The leader of the largest party in Congress, Ibsen Pinheiro, received the information about the withdrawal tonight.

[Pinheiro] This confirms what we said from the beginning: The government made a mistake, which is human, and it has now corrected the mistake. This is positive.

[Garcia] Those changes will not change the actions of the Federal Police because the following laws are still in effect: the law to protect the economy of the people, the law against tax evasion, and Law 4, which establishes punishment for people caught red handed. The provisional measure that will be submitted to Congress tomorrow establishes that persons clearly caught red handed cannot get out on bail. [end recording]

Provisional Measure 165: Taxpayer Code

PY2603235090 Rio de Janeiro O GLOBO in Portuguese 17 Mar 90 p 25

["Text" of government's Provisional Measure 165 issued in Brasilia on 15 March]

[Text] Provisional Measure 165 classifies taxpayers from a fiscal viewpoint and establishes other provisions.

The president of the Republic, exercising the authority vested in him by Article 62 of the Constitution, hereby decrees the following provisional measure, which is binding as law:

Article 1. As of the date of enforcement of this provisional measure, no unidentified persons shall cash bonds, recover investments, or collect profits or gains on bonds or investments.

Single Paragraph. Violation of this article shall make those responsible for the payment or cashing liable for a fine equal to the amount of the transaction, plus monetary correction from the date of the transaction to the date of the actual payment.

Article 2. The following operations shall be forbidden as of the date of publication of this provisional measure:

I. The issuance by collective funds of shares to the bearer or endorsable nominal shares;

II. The issuance of bonds to the bearer and the acceptance of endorsable nominal deposits or investments;

III. The issuance of checks for an amount in excess of the equivalent of 100 National Treasury Bonds, BTN, for the month of issuance, without identifying the bearer of the check.

Paragraph 1. The amount referred to in Clause III of this article may be modified by the Brazilian Central Bank.

Paragraph 2. Checks issued in violation of Clause III of this article may not be cleared by the Check and Certificate Clearing Service.

Article 3. Taxpayers who cash fund shares to the bearer or investments or bonds earning fixed interest that are either to the bearer or nominally endorsable and are on the market on the date of publication of this provisional measure shall be subject to income tax withholding of 25 percent of the amount that was cashed.

Paragraph 1. The tax shall be withheld by the institution that makes the payment on the bonds and investments, in keeping with the regulations applying to income tax withholdings.

Paragraph 2. The liquid payment will be the amount on which the tax was calculated minus the tax, for the purpose of justifying the increase of assets in the list of assets (Law No 4069/62, Article 51) to be submitted in the next financial period.

Paragraph 3. The tax withholding provided for in this article shall not exclude the income tax withholdings on profits earned by the respective bonds or investments.

Paragraph 4. The tax withholding provided for in this article shall not apply to cases in which the taxpayer delivers a statement, with a certified signature, to the institution which pays the bonds or investments saying that the cash has been earned over personal funds which have been declared in keeping with income tax regulations.

Paragraph 5. Taxpayers shall attach a copy of their identification card and their Taxpayer Identification Card—CIC—to the statement referred to in Paragraph 4.

Paragraph 6. In the case provided for in Paragraph 4, the institution which paid the bonds or which repaid the investments shall send a note to the Federal Revenue Department Directorate, before the 15th of each month, identifying the taxpayers who cashed the bonds or investments.

Paragraph 7. Violation of the terms of Paragraph 6 shall make the institution liable to payment of 25 percent of the amount paid on the bonds or investments, with monetary correction from the date of the transaction to the date of the actual cashing.

Article 4. The text of Article 20 of Law No 6404, dated 15 December 1976, is hereby replaced by the following:

"Article 20. Shares shall be nominal."

Article 5. Shareholder corporations will have two years to adapt their statutes to the terms of Article 4.

Paragraph 1. During the period established by this article, transactions with shares to the bearer or endorsable nominal shares existing on the date of publication of this provisional measure, and which have been issued by shareholder corporations, may be carried out only if the two following conditions are met:

a. If the shares are deposited in a financial institution or stock exchange that has been authorized to operate through a resolution of the Security and Exchange Commission—CVM—or of the Brazilian Central Bank;

b. If both buyer and seller are identified.

Paragraph 2. The shares mentioned in this article may be withdrawn only after the owner is identified.

Paragraph 3. The financial institution or stock exchange in charge of the shares shall send to the Federal Tax Department Directorate, before the 15th of each month, a note reporting the owner, amount, type, and purchase value of shares that were withdrawn during the previous month.

Paragraph 4. Failure to comply with the terms of the previous paragraph shall make the financial institution or stock exchange liable to payment of a fine of 25

percent of the value of the shares, with monetary correction for the period between the date on which the note had to be submitted to the Federal Revenue Department Directorate and the date the fine is actually paid.

Paragraph 5. The share value mentioned in the previous paragraph shall be the average price at the stock exchange bidding on the day the share was withdrawn, or, in the absence of this, the average price of the share in the last transaction at the stock exchange bidding, corrected for the value of the Fiscal BTN up until the date the share was withdrawn.

Paragraph 6. The value of shares that may not be negotiated in stock exchanges shall be the share's nominal value [valor patrimonial] corrected for the Fiscal BTN for the period between the date of presentation of the last balance sheet and the date the shares were withdrawn.

Article 6. In addition to the cases provided for by law, fiscal authorities may—on their own account—declare that a taxpayer has failed to meet all his tax obligations. Such unpaid taxes shall be calculated on the basis of the presumed income, based on outside signs of wealth.

Paragraph 1. Outside signs of wealth are expenses that are incompatible with the taxpayer's available income.

Paragraph 2. The available income is the taxpayer's gross income minus the deductions authorized by existing income tax regulations and minus the income tax.

Paragraph 3. In the case mentioned in this article, the taxpayer shall be notified of the appropriate fiscal arbitration procedure.

Paragraph 4. The arbitration procedure shall take into account the market prices at the time the events occurred. Official economic indexes or specialized technical publications may be used to this effect.

Paragraph 5. The arbitration procedure may also check the taxpayer's deposits or investments at financial institutions if the taxpayer provides no evidence of the origin of the funds used for those operations.

Paragraph 6. The method for the arbitration procedure shall be the one that is most favorable to the taxpayer.

Article 7. The fiscal agents of the Ministry of Economy, Finance, and Planning, who are designated by the director of the Federal Revenue Department for that specific purpose, may examine the documents, books, and records of stock exchanges, merchandise markets, and futures exchange markets and other similar markets. They may also request clarification and information on the operations performed by each market, including operations involving third parties.

Paragraph 1. The director of the Federal Revenue Department may ask the institutions referred to in this article to provide the information necessary for the design of special control programs.

Paragraph 2. The requested information shall be supplied not later than 10 working days after the date of the request. Failure to comply with this deadline shall make the institution liable to payment of a fine of 1,000 Fiscal BTN per working day of delay.

Paragraph 3. The information obtained under the terms of this article may be used only for checking compliance with taxation obligations.

Paragraph 4. Federal Revenue Department Directorate personnel who disclose information obtained under the provisions of this article shall be liable to the punishment provided for in Article 325 of the Brazilian Penal Code.

Article 8. During the fiscal procedure, the coordinator of the Supervisory System of the Federal Revenue Department may request information on operations performed by the taxpayer with financial institutions, including requests for bank account balances. The terms of Article 38 of Law 4595, dated 31 December 1964, shall not apply in this case.

Single Paragraph. The requested information shall be provided no later than 10 working days after the date of the request. Failure to comply with this deadline shall make the taxpayer liable to the punishment provided for in Paragraph 2 of Article 6.

Article 9. The banks that are authorized to receive all types of deposits shall centralize, in a single agency of their network, the accounts of taxpayers who do not live in the country.

Article 10. The Federal Revenue Department, the Brazilian Central Bank, and the Security and Exchange Commission shall issue the regulations which shall apply, within their respective jurisdictions, to the provisions established by this provisional measure.

Article 11. This provisional measure shall come into force on the date of its publication.

Article 12. Article 9 of Law 4729, dated 14 July 1965, Articles 32 and 33 of Law 6404, dated 15 December 1976, and other resolutions that contradict this provisional measure are hereby repealed.

Brasilia, 15 March 1990; 169th year of independence and 102d year of the Republic.

Provisional Measure 166: Revenues Administration

PY2603123690 Rio de Janeiro O GLOBO in Portuguese 17 Mar 90 p 25

["Text" of government's Provisional Measure 166 issued in Brasilia on 15 March]

[Text] The president of the Republic, in the exercise of the authority vested in him by Article 62 of the Constitution, adopts the following Provisional Measure, which is binding as law:

Article 1. The authority to administer revenues collected by the National Institute of Colonization and Agrarian Reform, INCRA, is transferred to the Federal Revenues Secretariat and the authority to determine, register, and collect the respective active debt is transferred to the Office of the National Finances Attorney.

Paragraph 1—The authority transferred by this article to the Federal Revenues Secretariat comprises activities of tax assessment, collection, supervision, and registration.

Paragraph 2—In the exercise of its functions, the Federal Revenues Secretariat can intervene in rural properties to verify information provided by owners on the conditions of such properties.

Paragraph 3—The Executive Branch will, within 120 days of the promulgation of this Provisional Measure, regulate the operation of the National Rural Property Registration System and make the changes resulting from the transfer of the administration of the Rural Territorial Tax to the Federal Revenues Secretariat.

Article 2. The revenues referred to in Article 1 of this Provisional Measure, when not collected within the established deadlines, will be subject to monetary correction on the date that payment is actually made, in accordance with Article 61 of Law 7799 dated 10 July 1989, and collected by the Federal Government with the following increases:

I - a penalty interest for delay, through administrative or judicial procedure, assessed as of the month following the due date, at the rate of 1 percent monthly calculated on the monetarily corrected value, in keeping with current laws;

II - a delay fine of 20 percent on the monetarily corrected value. This figure would be reduced to 10 percent if payment is made by the last working day of the month following the deadline for regular payment;

III - the legal charges incurred in the collection of active debt referred to in Article 1 of Decree Law 1645 dated 11 December 1978, should it be necessary.

Single paragraph—Delay interest is not charged on the value of the delay fine.

Article 3. The payment in installments of debts related to revenues referred to in Article 1 of this Provisional Measure, administratively authorized, is governed by legislation provided for spreading the payment of debts of any nature to the National Treasury.

Single paragraph. The provision made by this article also applies to the payment in installments of debts related to contributions referred to in Decrees Laws 308 of 28 February 1967 and 1712 of 14 November 1979, and of the additional contribution provided for in Decree Law 1952 of 15 July 1982.

Article 4. The administrative procedures, the calculation, and the collection of revenues referred to in Article 1 of this Provisional Measure, as well as those for consultation on the application of the respective legislation, will be governed as pertinently as possible by the norms dictated through Article 2 of Decree Law 822 of 5 September 1969, and validated through Paragraph 3 of Article 16 of Law 7739 dated 16 March 1989.

Paragraph 1. The provision made by this article applies to current processes related to credits granted before this Provisional Measure becomes effective.

Paragraph 2. The organs of the Federal Revenues Department jointly with the Economy, Finance, and Planning Ministry and the Agriculture and Agrarian Reform Ministry will establish the forms and conditions for the reassignment of personnel, and for the modification of positions and functions of trust to the provisions of this Provisional Measure.

Article 6. [number as published] This Provisional Measure becomes effective on the date of its publication.

Article 7. All provisions to the contrary are revoked.

Brasilia, Federal District, 15 March 1990; 169th year of independence and 102d of the Republic.

Provisional Measure 168: New Currency

PY2603190090 Rio de Janeiro O GLOBO in Portuguese 17 Mar 90 pp 21, 23

["Text" of government's Provisional Measure 168 issued in Brasilia on 15 March]

[Text] This measure creates the cruzeiro, establishes rules for the liquidity of financial assets, and includes other provisions.

The president of the Republic, exercising the authority vested in him by Article 62 of the Constitution, hereby decrees the following provisional measure:

Article 1. The national currency will now be called the cruzeiro, which will be the basic unit of the Brazilian monetary system.

Paragraph 1. The 100th part of the new currency will continue to be called the cent [centavo].

Paragraph 2. One cruzeiro will be equivalent to one new cruzado.

Paragraph 3. Figures describing sums of money will be preceded by the symbol Cr$.

Article 2. The Central Bank of Brazil [BCB] will provide for the purchase of notes and coins in new cruzados and for the printing of the basic quantity of new notes in cruzeiros required to replace the money in circulation.

Paragraph 1. The notes and coins of both the new cruzados and cruzeiros will be legal tender in accordance with the exchange value established in Paragraph 2 of Article 1.

Paragraph 2. The notes and coins of the new cruzados will cease to be legal tender within the time frame established by the BCB.

Paragraph 3. All notes and coins in cruzeiros issued prior to the implementation of this provisional measure will cease to be legal tender effective today.

Article 3. Entries of sums of money in accounting and financial tables, balance sheets, checks, titles, sales contracts, and any other expression of money that can be converted into national currency will henceforth be made in cruzeiros.

Article 4. Checks in new cruzados that have not yet been deposited in the banking system will be accepted only for the purpose of compensation and credit, in new cruzados, to the holder of the check at a time to be established by the BCB.

Single paragraph. In those cases when the holder of a check does not have a savings account, the BCB will set a ceiling, in new cruzados, that can be immediately withdrawn in cruzeiros.

Article 5. Balances of demand deposits will be converted into cruzeiros following the exchange value established in Paragraph 2 of Article 1 with a ceiling of NCZ$50,000 (fifty thousand new cruzados).

Paragraph 1. Those portions in excess of the ceiling established in the first part of this article will be divided into 12 monthly, equal, and successive installments beginning on 15 September 1991.

Paragraph 2. The amounts mentioned in the previous paragraph will be monetarily corrected, based on variations occurring in the fiscal BTN [National Treasury Bond adjusted daily for inflation] between 19 March 1990 and the conversion date, plus a six percent annual interest rate or a pro-rata value.

Paragraph 3. Mandatory deposits in kind on demand deposits made by banks at the BCB will be converted and adjusted in accordance with regulations to be issued by the BCB.

Article 6. Balances of savings accounts will be converted into cruzeiros at the next scheduled date for calculating interest earnings based on the exchange values outlined in Paragraph 2 of Article 1 and following the ceiling of NCZ$50,000 (fifty thousand new cruzados).

Paragraph 1. Those portions in excess of the ceiling established in the first part of this article will be divided into 12 monthly, equal, and successive installments beginning on 16 September 1991.

Paragraph 2. The amounts mentioned in the previous paragraph will be monetarily corrected based on variations occurring in the fiscal BTN between the date for the next calculation of interest earnings and the conversion date plus a six percent annual interest rate or a pro-rata value.

Paragraph 3. Compulsory and voluntary deposits made by banks at the BCB from funds originated in saving accounts will be converted and corrected following regulations to be issued by the BCB.

Article 7. Time deposits, with or without certificates, bills of exchange, interfinancial deposits, debenture bonds, and other financial assets as well as resources obtained by financial institutions through conditional operations will be converted into cruzeiros based on the exchange value established in Paragraph 2 of Article 1, taking into account the following:
I. For operations subjected to conditions, the following rule will be followed: NCZ$25,000 (twenty-five thousand new cruzados) or 20 percent of the redeeming value of the operation, whichever is higher, will be converted into cruzeiros upon the expiration of the original period of investment.
II. Twenty percent of the redeeming value of all other assets and investments, excluding interfinancial deposits, will be converted into cruzeiros on their original date of expiration.

Paragraph 1. Those amounts in excess of the ceilings established in Items I and II of this article will be converted into 12 monthly, equal, successive installments beginning on 16 September 1991.

Paragraph 2. The amounts mentioned in the above paragraph will be monetarily corrected on the basis of the variations occurring in the fiscal BTN between the date of expiration of the original period of investment and the conversion date plus a six percent annual interest or a pro-rata value.

Paragraph 3. The assets mentioned in the first part of this article that are scheduled to expire after 15 September 1991 will be fully converted into cruzeiros on the date of their expiration.

Article 8. The total amount of conversions carried out in the name of the same individual at the same financial institution will be taken into account in calculating the ceilings for conversions outlined in Articles 5, 6, and 7.

Article 9. Balances of deposits in new cruzados that were not converted into cruzeiros pursuant to the provisions of Articles 5, 6, and 7 will be transferred to the BCB and kept there in individual accounts in the name of the depositing financial institution.

Paragraph 1. Financial institutions will keep records of their financial assets in new cruzados, including the names of those participating in each operation. These records should be made available for auditing to the BCB, if required.

Paragraph 2. When the transfer mentioned earlier involves public bonds, the BCB will exchange them for new bonds issued by the National Treasury or, if applicable, with bonds issued by the states or municipalities, the terms and interest rates of which are similar to those accounts created by the BCB.

Paragraph 3. In the case of conditional operations involving public bonds, these bonds will be transferred to the Central Bank and their issuers will have to replace these bonds with new ones in new cruzados, but with identical values, terms, and interest earnings.

Article 10. Fixed income and short-term investments will be converted into cruzeiros in accordance with Article 7, but the conversion percentage could be lower than the ceiling established in Article 7 if the fund lacks adequate liquidity in new cruzados.

Article 11. Resources in new cruzados of the Federal Treasury, states, and municipalities, as well as social security investments, will be entirely converted into cruzeiros on their expiration date and they will be exempted from the provisions of Articles 5, 6, and 7 of this provisional measure.

Article 12. Accounts and deposits in new cruzados will be subject to transfer of ownership for a period of 180 (one hundred and eighty) days after the publication of this provisional measure. These transfers will be made in accordance with the conditions specified in Articles 5, 6, and 7 and they will be designed to liquidate debts and financial operations that were clearly contracted before 15 March 1990.

Single paragraph. The BCB will list the necessary documents required to recognize the obligation and will define the instruments and mechanisms for transferring the ownership of the deposits.

Article 13. Amounts required for payment of utilities, taxes, contributions, and social security obligations will result in an immediate, automatic authorization for converting new cruzados into cruzeiros in amounts equivalent to the respective government credit on the date when payment is due, within the next 60 days.

Article 14. The terms mentioned in Articles 12 and 13 may be extended by the Economy, Finance, and Planning Ministry to meet the needs of our monetary and fiscal policies.

Article 15. The BCB will set up rules for submission by enterprises of balance sheets in new cruzados closing on 15 March 1990 and for opening balance sheets in cruzeiros effective this date.

Article 16. The BCB may authorize interfinancial deposits in new cruzados under preestablished conditions.

Article 17. The BCB will use the funds deposited in new cruzados to give loans for financing the lending operations contracted in new cruzados by the financial institutions and which are included in the balance sheets mentioned in the previous article.

Single paragraph. The BCB interest rates and loan terms will be in keeping with the lending operations described in this article.

Article 18. The economy, finance, and planning minister may change the terms and limits established in Articles 5, 6, and 7 or may authorize public auctions for an early conversion of claims in new cruzados into cruzeiros to meet the objectives of the monetary policy and the need for liquidity of the economy.

Article 19. Within 30 days following the publication of this measure, the BCB will submit to the economy, finance, and planning minister reports on quarterly goals concerning monetary expansion in cruzeiros. These reports should include the means and instruments for making these goals feasible, including auctions for an early conversion of new cruzados into cruzeiros.

Article 20. Exercising the powers vested in it by Law 4595 and related laws, the BCB will issue regulations to adjust the disciplinary rules of the financial and capital market as well as the Housing Financial System to the provisions of this provisional measure.

Article 21. The economy, finance, and planning minister may authorize conversions into cruzeiros of new cruzados in amounts and percentages different from those established in this provisional measure as long as the beneficiary is a person who is receiving earnings only from pension and retirement funds.

Single paragraph. The economy, finance, and planning minister will set limits for the conversions to be carried out by each beneficiary in accordance with this article.

Article 22. The face value of the BTN will be adjusted every month following the same method of calculation used for calculating the index described in Article 20, Paragraph 5, of Provisional Measure 154, which was also issued today. This calculation will take into account the price changes taking place between the 15th of that month and the 15th of the previous month.

Single paragraph. Exceptionally, the face value of the BTN in April 1990 will be equal to that of the fiscal BTN on 1 April 1990.

Article 23. The daily value of the fiscal BTN will be published by the Federal Revenue Secretariat, which will project the monthly inflation trend.

Article 24. This measure goes into effect on the date of its publication.

Article 25. All measures contrary to these provisions are hereby repealed.

Provisional Measure 169: Government Debt Auction

PY2703010090 Rio de Janeiro O GLOBO in Portuguese 17 Mar 90 p 23

["Text" of government's Provisional Measure 169 issued in Brasilia on 15 March]

[Text] The executive branch is authorized to transfer government credits registered as Active Debt of the

Federal Government [debts collectible from the Federal Government] through auctions.

Article 1. The Active Debt of the Federal Government, verified and registered as per Paragraphs 4 and 5 of Article 2 of Law 5830, dated 22 September 1980, is negotiable paper that can be sold to third parties through a bidding procedure.

Single paragraph. The buyer of Federal Government Active Debt paper can exercise all rights, guarantees, and privileges of the seller, assuming, however, the risk of collection.

Article 2. Under the terms of this provisional measure, the National Treasury attorney general should decide whether to bring court action to collect the Federal Government Active Debt or whether to sell it to a third party.

Single paragraph. In no case will sales be allowed for Federal Government Active Debt for whose collection court action has already been initiated.

Article 3. In addition to other legal and regulatory requirements for the bidding process, the bidding announcement published in the Official Gazette will provide the name and characteristics of the debtor, the updated value of the debt, and the minimum price of sale.

Single paragraph. The announcement referred to in the main paragraph of this article can contain bid solicitation for the debts of various debtors.

Article 4. The Federal Government debtor, who will be apprised of the intention to sell his debt only through the announcement referred to in Article 3 of this provisional measure, will be given precedence in acquiring the Federal Government credit by depositing in the Federal Savings Bank [Caixa Economica], to the name of the National Treasury Attorney General's Office and on the same day of auction immediately after verifying what was the best offer, the same sum of money offered by the auction winner.

Single paragraph. Should the Federal Government opt to sell various credits together, a debtor can only exercise his precedence right if he elects to acquire all the credits together; the auction will proceed among only the debtors should more than one be interested in exercising its precedence right.

Article 5. Once the sale of the Federal Government Active Debt has been completed, the Federal Government will be responsible to the buyer for the credit's existence, not for the debtor's solvency.

Single paragraph. In the event the transferred credit is found to no exist longer, the Federal Government will only be responsible for the damage caused to the party to whom such credit was transferred.

Article 6. The executive branch will issue the regulations of this provisional measure observing wherever pertinent the provisions of Decree Laws 2300 of 21 November 1986 and 2360 of 16 September 1987.

Article 7. The sale of the Active Debt, in the terms of this provisional measure, will imply its cancellation in the registry of credits and its proceeds will be deposited in the "Active Debt Revenues" account.

Article 8. This provisional measure becomes effective on the date of its publication.

Article 9. All provisions to the contrary are hereby repealed.

Ministerial Resolution 56: Import Permits

PY2603225490 Rio de Janeiro O GLOBO in Portuguese 17 Mar 90 p 23

["Text" of government's Ministerial Resolution 56 issued 15 March]

[Text] The Economy, Finance, and Planning minister, exercising the authority vested in her by Article 87, single paragraph, Item V, line "e," of Provisional Measure 150 of 15 March 1990, resolves:

I. To revoke Item 1.2 of General Norms in CACEX [Bank of Brazil Foreign Trade Department] Communique 2204 of 25 September 1988, as well as CACEX Communique 208 of 21 November 1988, amended by CACEX Communique 235 of 18 February 1990, which refer to temporarily suspended imports (Annex C).

II. To eliminate the requirement for previous authorization from organs of the Federal Administration to import specific products, except in the cases of human blood, habit-forming substances, arms and ammunition, nuclear material, herbicides, defoliants, and computer goods.

Zelia Maria Cardoso de Mello

Chile

Details of Mexican President Salinas Visit

Diplomatic Relations Reestablished

PY2303235690 Santiago Television Nacional de Chile Network in Spanish 1800 GMT 23 Mar 90

[Text] In a brief and somber ceremony, Chilean Foreign Minister Enrique Silva Cimma and his Mexican counterpart, Fernando Solana, signed the documents formally reestablishing bilateral diplomatic and consular relations.

Mexican President Carlos Salinas de Gortari arrived at Government House shortly before 1000 this morning. A

Carabineros detachment honored the visitor. The Mexican president met for a few minutes with Chilean President Patricio Aylwin in his office.

At the honor hall, Mexican Foreign Secretary Fernando Solana read a statement in which he proposed to the Chilean Government, as represented by Silva Cimma, the reestablishment of diplomatic and consular relations and the exchange of ambassadors.

The Chilean foreign minister agreed to the proposal and the appropriate documents were signed. The ceremony concluded a short time later as the foreign ministers and the presidents of the two nations greeted and embraced each other.

[Begin recording] [Reporter] Mr. President, what do you think about the welcome?

[Salinas] It was very cordial.

[Reporter] Did you expect it?

[Salinas] I know that the Chilean people have a great affection for the Mexican people. With the resumption of diplomatic relations, we can translate the aspirations that have always been in the hearts of the people into political action. Looking forward, we can now forge a rapprochement between Mexico and Chile for the benefit of both nations.

[Reporter] You seem very happy.

[Salinas] Of course, I am very happy and moved. A young Chilean girl with the brightness of hope and optimism in her eyes just told me that our countries are joined through the heart. [end recording]

Communique Stresses Trade

FL2403163690 Mexico City NOTIMEX in Spanish 1612 GMT 24 Mar 90

[Text] Santiago, 24 Mar (NOTIMEX)—Mexico and Chile have pledged today to begin immediate negotiations to reach a broad agreement on economic cooperation, especially in the business sector. In the joint communique issued at the end of Mexican President Carlos Salinas de Gortari's visit to Chile, both governments also pledged to accelerate negotiations on a cooperation agreement for trade promotion and exchange.

They stressed their coinciding interests, in the framework of the Pacific basin, and agreed to develop their points of view within existing mechanisms, such as the Conference on Economic Cooperation in the Pacific Basin. The presidents of the two countries also decided to create a mechanism for periodic consulation on political, economic, and cooperation issues.

The Mexican president arrived in Chile on 22 March; he will conclude his visit today when he travels to Ecuador, where he will meet with the president of that country, Rodrigo Borja, and then return to Mexico on 25 March.

Visit Ends; Agreements Reached

PY2403212590 Santiago Domestic Service in Spanish 1700 GMT 24 Mar 90

[Excerpts] Mexican President Carlos Salinas de Gortari, who left Chile shortly before noon today, was seen off by President Patricio Aylwin. [passage omitted]

According to a joint communique issued at the end of his visit, President Salinas de Gortari has invited President Aylwin to visit Mexico. Aylwin has accepted the invitation, but a date has yet to be established.

Salinas and his retinue left Chile on a Mexican Air Force Boeing 757. In contrast to his arrival, the Mexican president was seen off with the appropriate military honors in view of the recent restoration of diplomatic relations. [passage omitted]

President Salinas de Gortari said that several integration programs were approved during his stay in Chile, including a plan to step up trade of manufactured and nonmanufactured goods and a project to resume air traffic between the two countries.

President Salinas held a news conference after visiting the CEPAL [Economic Commission for Latin America] offices, where he spoke on the Latin American situation and the region's role in the modern world.

Commenting on the agreements reached during his visit to Chile, Salinas said:

[Begin Salinas recording] We have reached concrete agreements on a variety of issues, including the resumption of air traffic between our two countries; exchanges in the agricultural and livestock fields, as Mexico is especially interested in learning about Chile's progress in this area and its participation in international markets; and cooperation in the industrial field.

We have also reached an agreement through which Mexico will cooperate with the Chilean urban transport service, an area in which we have already participated by helping with the construction of the Santiago subway. We wish to resume our presence in this field and also in programs designed to preserve the environment, because the cities of Mexico and Santiago can exchange positive information on the great pollution problems that are affecting these two capitals. [end recording]

He also said that there will be greater exchange in the cultural field.

Salinas mentioned the enthusiasm with which Chile has returned to democracy and the strength of the Chilean economy. President Salinas stated that the democracies of the world are strongly linked to the peoples' well-being and their economic situation.

When asked about Mexico's position on the Cuban dictatorship, he noted that any changes that may take

place in Cuba depend exclusively on the Cuban people and that Mexico respects the peoples' right to self-determination.

More Details Provided on Iran-Corfo Arms Deal

PY2503003590 Santiago HOY in Spanish 12-18 Mar pp 20-24

["Second and final" part of interview with Bernard Stroiazzo by Gilberto Villarroel in Madrid; date not given]

[Excerpts] [passage omitted] [Villarroel] Did Operation Foxtrot, the offer of a Chilean Air Force [FACh] F-5 plane as compensation for the fighter plane lost by Iran, and the negotiations to sell 15 similar planes, develop when you were still a hostage?

[Stroiazzo] Yes, a high ranking Iranian Government official confirmed to me that the Chileans had been sending telex messages to the NIOC [National Iranian Oil Company] behind our backs. They offered an F-5 as compensation and offered to continue the trade by selling Sidewinder missiles, mines the size of a room, and whatever they wanted. The Iranians followed along and decided to negotiate. They told me not to worry, and in July 1987 they sent me to Chile with an Iranian Government official. My son remained as a hostage. Together with Hosseini we negotiated Operation Foxtrot: an airplane as compensation and the possibility of another $100-million contract, including the sale of bombs and maritime mines. Also, the FACh offered us 15 F-5 planes with all the equipment and 90 Sidewinder missiles.

[Villarroel] Did the Iranians expect to make the deal even though they were aware that the United States had also ordered an embargo on the sale of weapons to Chile? This would have had to have been an undercover sale.

[Stroiazzo] Yes, the Iranians knew perfectly well what they wanted from the Chileans. They were only seeking to be compensated for the plane they had lost and to free me from my problem. After so many years at war they knew perfectly well that it was impossible to carry out that sort of operation behind the back of the United States. And this is precisely what happened. The president of the Parliament, Hashemi-Rafsanjani, authorized me to leave to give the Chileans the impression we were interested in that market. Hosseini, who was a NIOC engineer and Rafsanjani's private secretary, traveled to Chile to get the aircraft that Famae [Army Ordnance] was offering to replace the one that was lost.

[Villarroel] With whom did you negotiate Operation Foxtrot in Chile?

[Stroiazzo] With Famae, Ferrimar [expansion unknown], Aldo Pesce, Fernando Perez, and, later on, with some FACh generals. At Famae we talked with Commander Carlos Carreno, who picked us up the airport to avoid having to go through passport control. Our talks lasted six days. Hosseini found out that the Chileans wanted to pay for the Phantom plane with an advance on the $100-million letter of credit they were going to get. The Iranians wanted the compensation first as a sign of good faith. They maintained that Van Meer, who was the son-in-law of a FACh general, had contacts in other countries to carry out a "triangular operation."

[Villarroel] It has been said that Commander Carreno, before he was abducted, was getting ready to travel to Iran to personally make the final arrangements. How did this trip come about?

[Stroiazzo] He was invited by the Iranian Government, unaware that the talks had failed. The Iranians did not open the letter of credit and the war was getting worse. Within the country, which was in an uproar, there were groups who were against me hoping the talks would fail. I was helped to flee from the country. In late August Carreno, who thought things were running smoothly, contacted me at the Hilton Hotel on three or four occasions, telling me that everything was going well and that the operation could be carried out. I told him that, if he wanted to, to go ahead and explain it to the chief of the Iranian Armed Forces. He sent me his personal data for a visa.

[Villarroel] What happened after that?

[Stroiazzo] I lost contact with Carreno, who was abducted. When I saw what was happening, I fled.

[Villarroel] What happened before the 1988 plebiscite, when government authorities proposed a new deal to you?

[Stroiazzo] I felt as if I had been in a nightmare after leaving Iran. I did not want to talk about that with anyone. But Dino Seferian contacted me again in March 1988 to tell me that Chile wanted to compensate me for damages. Cesar Hidalgo and Attorney Jaime Alonso of Madrid visited me. They told me they could arrange things to compensate me for the damages I had sustained. At first I could not care less, because everything felt like a nightmare. They insisted and obtained an invitation for me from General Hugo Salas.

[Villarroel] The CNI [National Intelligence Center] director at that time.

[Stroiazzo] That is right. I told these gentlemen that I did not want to talk about weapons anymore and that if there was anything to do in Chile I would only trust high-ranking authorities. I received the official invitation in July, and traveled to Chile on 6 August. I was received by Salas at a secret CNI location where I gave them all the details of what had happened. He very honestly asked me: "What can we do to compensate you?" There were several alternatives but nothing appealed to me until we started talking about the environment and energy resources. He told me there was a project with a Canadian enterprise to be carried out in the Atacama Desert. "If you want, we can get you a license, an authorization." The idea interested me, as I knew that the problem of

industrial waste in Europe was serious. So Salas called Colonel Guillermo Letelier, vice president of Corfo [Development Corporation], and ordered him to give me a letter of intent in the exact terms I wanted for the Atacama project. Letelier was interested in what had happened.

[Villarroel] You started negotiations in that regard through the Were Enterprise. Was it created especially for this operation?

[Stroiazzo] That is right. I went to London and met with experts who advised me to create an enterprise that would head the international group that was going to get involved in this project. The project was great from the ecological point of view because the Atacama Desert is the most arid in the world and humidity is the worse thing for toxic waste. [passage omitted]

[Villarroel] The lawsuit filed at the 19th Civil Court in Santiago has not gone through many changes. Corfo Vice President Brigadier Guillermo Letelier has said that there is no connection between the sale of weapons to Iran and the Were-Corfo deal. In your opinion, where is the connection?

[Stroiazzo] It is quite simple: I am the connection. The answer is that I am involved in both cases. [passage omitted]

[Villarroel] The lawsuit filed before the 19th Civil Court in Santiago states that all the negotiations carried out by Chilean officers and authorities could not have been carried out without the authorization of the Army commander, General Augusto Pinochet. Does the Were Enterprise have any concrete information to support these charges?

[Stroiazzo] Were, as well as Spanco, has the necessary evidence to show that the Chilean Government's highest authorities were aware of this operation.

[Villarroel] Including the commander in chief of the Army, General Augusto Pinochet, as is stated in the lawsuit?

[Stroiazzo] Including him. These documents will be presented at the appropriate time.

[Villarroel] Will their contents be released?

[Stroiazzo] Later on in the trial.

Aylwin Attends Aeronautics Show at Air Base

PY2703002590 Santiago Domestic Service in Spanish 2300 GMT 26 Mar 90

[Excerpts] The Sixth International Air Fair was officially opened today at the Chilean Air Force's El Bosque base. President Patricio Aylwin, ministers of state, high ranking foreign military officers, diplomats, and other authorities attended the event. [passage omitted]

President Aylwin, who spent some three hours visiting the fair, said that having an enterprise like Enaer [National Aeronautical Enterprise] is a matter of pride.

[Begin recording] [passage omitted] [Reporter] This is the first military ceremony that you have presided over. What do you have to say about it?

[Aylwin] It has been very significant. I am very moved by the fact that I have been honored by the Air Force and Armed Forces of my country and by the integration that is taking place between the civilian government and our armed institutions. [end recording] [passage omitted]

Matthei Reasserts Support for New Administration

PY2403012490 Santiago Domestic Service in Spanish 2300 GMT 23 Mar 90

[Text] Air Force Commander General Fernando Matthei has said that his institution does not have personnel specialized in the investigation of crimes, attacks, or any other acts of this nature. Matthei expressed his appreciation for the citizenry's unanimous repudiation of the attack on Generals Leigh and Ruiz, from the nation's president on down.

Asked if provisions will be made for stronger measures if attacks continue, Matthei said:

[Begin Matthei recording] The government's response is to be determined by his excellency the president of the Republic and his ministers. The Armed Forces—I am speaking for the Air Force—will maintain their discipline and strictly comply with the Constitution that we all solemnly swore to respect. We believe that Chile has authorities who have been freely elected by the people. These freely elected authorities deserve our respect and have the full support of the Chilean Air Force. I am sure that the other institutions will also support these authorities, although I cannot speak for them. [end recording]

As to whether these violent actions can harm the democratic process, Matthei explained that nothing can harm it as Chile is a country strong enough not to be affected by such incidents.

USSR To Repair Fishing Boats at Valparaiso

PY2403231790 Santiago EL MERCURIO in Spanish 13 Mar 90 p C-2

[Excerpt] Following a meeting with Christian Democratic Party President Andres Saldivar, Soviet delegation head Vadim Zagladin has said that Soviet fishing vessels operating on the high seas will soon be repaired at the port of Valparaiso.

Zagladin, who was accompanied by Vladimir Nikitin and Igor Ribalkin, said at the end of the meeting—which was also attended by Narciso Irureta—that the Soviet Union and Chile will also carry out joint activities in the economic, cultural, and political sectors "because the

new state leadership—President Aylwin—and the Soviets share many common principles and viewpoints."

Zagladin reported that several agreements were signed on 12 March and that respective ambassadors will now be appointed. He added that a document on fishing matters was also signed, providing for the repair of Soviet fishing ships in the port of Valparaiso. [passage omitted]

Colombia

New Government Minister Serpa Interviewed

PA2603171490 Bogota Radio Cadena Nacional in Spanish 1256 GMT 26 Mar 90

[Interview with new Government Minister Horacio Serpa Uribe during the "Report of the Hour" program by an unidentified reporter and Antonio Jose Caballero, in Bogota—live]

[Text] [Reporter] Good morning, Mr. Government Minister. What has been your reaction to your appointment as the new government minister by President Virgilio Barco? What can you tell us about the important goals for which you have worked, including the attainment of peace? Good morning, Dr. Serpa.

[Serpa] I consider this appointment a very serious commitment with Colombia. It also reflects President Barco's trust in me. The appointment is also a great responsibility before Colombia. For that reason, I plan to carry out actions leading to the best fulfillment of my duties. I hope to contribute to improve our country's situation. I am very concerned about peace in Colombia. I believe peace is Colombia's basic priority. Peace will guarantee security, peaceful coexistence, understanding, and reconciliation. Let us see what happens from now on.

[Reporter] Dr. Serpa, you know a lot about this whole issue of peace. You have been a member of several peace commissions. You are now in charge of a situation in which peace is not exactly what prevails. I am talking about the National Liberation Army [ELN], the EPL [Popular Liberation Army], etc. What do you think the best way to establish a dialogue with these people is?

[Serpa] The government has developed a peace program. It has been working for peace based on very serious and clear guidelines. I will follow those guidelines. I will try to find a way to contribute to that peace program. I will do the best I can for Colombia.

We have a very important example, which is the peace agreement signed with the 19 April Movement [M-19]. It would be very good for Colombia if we could reach understanding and reconciliation. We would help to strengthen Colombian democracy.

[Reporter] Apparently the relations between previous government minister, Dr. Lemos Simmonds, and President Barco's government were not exactly good at the end. How do you view that situation, which the local press is in fact discussing on their front pages today?

[Serpa] Former Minister Lemos sent a statement to President Barco and President Barco has already replied. Thus, I am abiding by President Barco's reply to former Minister Lemos.

[Reporter] What can you tell us about your family's reaction to your appointment?

[Serpa] I talked to my wife and children last night. They do not live here. They live in Barrancabermeja. I wanted to go to Barrancabermeja yesterday. I go every weekend. Politics, however, changes one's life from one moment to the next. My family is pleased about my appointment. They also worry, but they know that this is the kind of responsibility one must assume when one leads a public life. Thus, I will try to fulfill that important responsibility now.

[Reporter] Two former Colombian presidents, former President Lopez and former President Turbay, participated in the convention yesterday. Did you talk to them? What did they tell you? What was their reaction to your appointment?

[Serpa] During the convention, there was a lot of talk about a job offer that had not been announced at that point. I was actually offered the position as government minister late that afternoon. I did not even have a chance to greet the former Colombian presidents, because there were too many people and they were taking care of some very important issues.

[Reporter] Have you already talked to Dr. Lemos Simmonds? What do you plan to do in your office this morning, Dr. Serpa?

[Serpa] No, I have not had a chance to talk to him yet. I have known him for a very long time. I have the good fortune to be his friend. I plan to go to my office today. I will try to talk to him, to greet him, and ask him for some information. I want to be informed about everything that deals with the Government Ministry.

[Reporter] I imagine that you will also meet with Deputy Government Minister Jose Noel Rios today. What are your relations with him going to be like?

[Serpa] I will also meet with Jose Noel. He is also an old friend of mine, and I respect him very much. One of the first things I will do today is to meet with him.

[Reporter] Mr. Government Minister, which is the most important of the various objectives you have set for yourself?

[Serpa] I do not have any specific plan for the time being. The is one basic issue. I have been placed in charge of the country's politics. Thus, I want to meet with the

spokesmen of the various political organizations. I want to meet with them and become aware of their problems. I want to discuss and solve those problems. That is a priority issue. I really hope I can hold those meetings.

I am a politician. I will head the Government Ministry with a patriotic criteria. I am a Liberal, of course, but I am committed to the country.

We are in the middle of an election process. At this particular moment, the government must offer the utmost guarantees and security to all political organizations. That is what the government intends to do. That is what I intend to do as government minister.

[Reporter] Last week, and as a result of the most recent political events and of the public order situation, which includes the murder of Bernardo Jaramillo Ossa, Alfonso Lopez Trujillo, president of the Colombian Episcopal Conference, called for a meeting with the government. He called for a discussion of the public order situation and for the creation of a large national movement to begin a reconciliation process in our country. What do you think about that, Mr. Minister?

[Serpa] I have always advocated conciliation, understanding. I believe that all Colombians must strive for coexistence. I have always favored great national goals in Colombia. There are none. I believe that the achievement of peace is the priority goal.

Regardless of whether we are Conservative, Liberal, Communist, Catholic, or Protestant, our priority must to be Colombians, to love our fatherland, to view our safety and guarantees as very important things and ensure that all Colombians can live in our country.

I have often said that there is space for all of us in this dear nation that must be generous to all Colombians. What is happening is that we are experiencing a crisis and atrocious violence that we must overcome with a high degree of tolerance, with efforts toward achieving understanding, with the defined goal of overcoming our own faults, and with a search for patriotic solutions. That is my concern as a Colombian and is also my concern as a minister.

[Caballero] Dr. Serpa, there is a party called the Patriotic Union [UP] that has suffered heavy blows and more recently faced the assassination of their presidential candidate, Dr. Jaramillo. What is your assessment? What will your relations with the UP be like?

[Serpa] I have the highest consideration and respect for the UP. It is an opposition movement that proposes important changes for the Republic of Colombia. I believe that the opposition, as I told the newsmen yesterday upon leaving the Presidential Palace, is part of democracy. Only nondemocratic countries have no opposition. An opposition cannot exist in name only. The opposition is a political alternative; opposition is a struggle to obtain leadership positions in a state. Therefore, it should deserve the greatest of respect and the fullest guarantees.

The UP operates in Colombia and fulfills its duties in keeping with the law. That is why it should be protected by the government and all its organizations. The same applies to all political movements that follow the law, that operate in keeping with constitutional provisons, that are willing to wage a political struggle within democratic organizations.

I want to meet the UP leaders. I know very well the tortuous path that they have had to follow. On many occasions, I have been distressed because of the violent actions against the UP. I have had the opportunity on many occasions to meet with very important members of this group. I know about their efforts. I know they are a democratic group and that is why I respect them. This is why I hope to meet with them to discuss their feelings, complaints, and charges.

[Reporter] Dr. Serpa, as announced in several cities, most governors and local leaders have resigned. Are there any changes, or will this be dicusssed today?

[Serpa] No, I do not believe we need to make the gubernatorial changes that usually follow ministerial changes. I personally do not believe that we should make any specific changes, unless necessary. My goal is to retain the current governors.

[Reporter] Dr. Serpa, Mr. Government Minister, do you believe that there are guarantees, good possibilities that Colombia will hold presidential elections on 27 May?

[Serpa] This is a great concern of mine. I have looked at this. We have a democratic government that aims to offer full guarantees to all, and I will preside over this effort.

[Reporter] You will handle the government's civilian, political issues. How are your relations with the military counterpart; with the Colombian military forces?

[Serpa] Very well, I have no difficulties or problems. I am convinced that the Armed Forces have the patriotic will to contribute to improving all things that are in the interest of our people. This is why I am sure that there will be great coordination within all ministries in an attempt to meet the needs of Colombians who want calm, who want to be able to voice their concerns via democratic organizations.

[Caballero] Juan and RCN listeners, Dr. Serpa is willing to answer other questions.

[Reporter] Yes, Antonio Jose. Mr. Minister, I would like you to delve into the following: In view of the opposition's arguments, do you believe that the government must at least think about the possibility of postponing the elections?

[Serpa] For the moment, I plan to discuss all those points with Colombia's politial parties. I want to know their ideas, discuss them, and find solutions in keeping with the national interest. That is what I plan to do.

[Reporter] Mr. Minister, what is your position regarding problems at the Registry Office? Is the government planning to improve the May elections?

[Serpa] [chuckles] I was just installed, and I do not have full information or the adequate knowledge on many issues to allow me to issue opinions. I do not want to be imprudent.

Of course, I share the general opinion that there were difficulties, which is often the case where big problems exist. The people and the government hope that the entire eletoral process will function more adequately in the upcoming elections.

[Reporter] Mr. Minister, thank you for your statements for Radio Cadena Nacional. I know—as Antonio Jose says—that you are on the way to work for the country's good. I wish you success in the functions you will undertake today.

[Serpa] Thank you very much Juan, you are very kind.

[Caballero] Horacio Serpa Uribe, the new government minister, is leaving at this time—not to be sworn in because the president swore him in last night—but to receive his desk, as they say.

Former Minister Lemos' Resignation Letter Cited

PA2703021490 Bogota Inravision Television Cadena 1 in Spanish 0013 GMT 27 Mar 90

[Text] Let us see exactly what former Government and Justice Minister Carlos Lemos is blaming the government for regarding the drug trafficking fight.

One of the excerpts of the resignation letter written by Carlos Lemos specifically makes reference to the government's policy with regard to drug trafficking. In this regard, the former government minister states: There is no doubt that I had recently become an uncomfortable government official. In certain areas, the government's attitude toward drug trafficking had been experiencing almost imperceptible changes, and it is no longer the same forceful, unyielding attitude it was in December, when I had to wage the battle against the attempts made to create a constitutional ordinance completely and irreversibly favoring the interests of drug traffickers.

These statements made by former Government Minister Carlos Lemos lead us to three unknowns, which we have not cleared up yet.

1. Has the government held direct or indirect talks with drug traffickers? If this is the case—and if we keep in mind that there are people in the country who would agree to such a dialogue—why is the government keeping it a secret?

2. Some people ask themselves if the government has reached a nonextradition agreement with drug traffickers in exchange for the safe release of the son of the secretary general of the Presidency. There are many groups in the country that oppose extradition and wish the agreement to be made public so that they can support it. Besides, there are people who say there are 15 Colombians up for extradition who have not yet been extradited.

3. It is well known that the two private individuals—both Antioquia Department businessmen— who negotiated the release of German Montoya's son personally met with Medellin Cartel leader Pablo Escobar to arrange his release. They later met with President Virgilio Barco at the Narino Palace to report on the meeting.

Cabinet Responds to Accusations

PA2703012490 Bogota Inravision Television Cadena 1 in Spanish 0005 GMT 27 Mar 90

[Text] Attention please. The Council of Ministers has just issued a document in response to the statements made by former Government and Interior Minister Carlos Lemos in his resignation letter. The document basically states the following:

1. They reject the insinuations made by the former minister, who implied that the rest of the Cabinet showed a weak and obliging attitude toward drug traffickers.

2. They will not allow a political discrepancy in the relations between the government and the opposition to be presented as the fundamental obstacle to fulfilling the Constitution, the law, and the duties of government officials.

3. According to the statements made by Lemos, the moral integrity of President Virgilio Barco's Cabinet is being questioned.

4. They reject the charges [words indistinct] concerning the government minister's responsibility in the vile assassination of presidential candidate Bernardo Jaramillo Ossa.

5. Even though the ministers understand the personal situation of Lemos, they condemn his unfounded statements concerning members of the Cabinet.

Finally, they praise the firm and courageous way in which the president has defended the dejure state.

The document is signed by all ministers, including the new government minister, Horacio Serpa.

UP Leader Accuses Castano of Jaramillo's Death

PA2603125590 Paris AFP in Spanish 0305 GMT 24 Mar 90

[Text] Bogota, 23 Mar (AFP)— Yesterday the leftist Patriotic Union (UP) accused suspected Colombian drug

trafficker Fidel Castano of the assassination of its presidential candidate, Bernardo Jaramillo Ossa, in Bogota on 22 March.

In a public statement, UP President Diego Montana said that Jaramillo Ossa, 36, was not killed by the Mafia-controlled Medellin Cartel or by Pablo Escobar, but by Fidel Castano, known as "Rambo."

The Colombian Government, headed by Liberal President Virgilio Barco, said on 22 March that Jaramillo Ossa's murder had been ordered by Escobar, who on 23 March issued a note denying those charges.

Castano, a landowner in the Uraba banana area (northeastern region), has been described by state security agencies as "one of the top leaders of ultrarightist armed groups." Even General Miguel Maza Marquez, who heads the DAS (Administrative Department of Security or security secret police), has accused him of various massacres, including the slaughter of 21 peasants in March 1984 in Uraba. Castano has also been charged with the kidnapping last February in Pueblo Bello of 43 peasants whose whereabouts are still unknown.

"I believe that the real author of Jaramillo's murderer can be Fidel Castano, as he has differences with the Medellin Cartel," Montana said.

Meanwhile, security agencies continue trying to identify the authors and masterminds of the crime and have been intensively interrogating gunman Arturo Gutierrez, who is currently in a local hospital under heavy security. A doctor said that Gutierrez, 17, received six shots from Jaramillo Ossa's bodyguards, none of which were mortal. "One of the bullets injured his left fibula," the doctor added. The doctor said that he could not say that "Gutierrez is out of danger because any of the wounds could get infected and cause a 'shock' that could be fatal."

Liberals Hold Convention, Proclaim Candidate

PA2603211190 Bogota Inravision Television Cadena 1 in Spanish 0100 GMT 26 Mar 90

[Report by Jose Luis Ramirez]

[Text] The Colombian Liberal Party's national convention was held in Bogota today. In less than four hours, the Liberal Party convention proclaimed Cesar Gaviria Trujillo as its leader and presidential candidate. The party's delegates did not need to use the formula they had prepared since Gaviria won an absolute majority of their votes.

With the participation of 1,500 delegates, the Liberal Party held its national convention and proclaimed Cesar Gaviria Trujillo as its presidential candidate.

Former Colombian President Alfonso Lopez Michelsen and Liberal presidential hopefuls Ernesto Samper, Alberto Santofimio Botero, Hernando Duran Dussan, Jaime Castro Castro, and William Jaramillo participated in the party's convention.

Former Colombian President Julio Cesar Turbay Ayala presented a full report of his work as Liberal Party president and then presented his resignation. Immediately after that, Turbay proposed Cesar Gaviria Trujillo to replace him as party president. The proposal was welcomed by the Liberal delegates.

[Begin Turbay recording] I have enough reasons to believe that presidential candidate Cesar Gaviria is the best party leader the Liberal Party can have at present. There is no one like Gaviria to lead and guide the Liberal Party members during the current times. [end recording]

In his speech, Gaviria Trujillo urged all his copartisans to maintain party unity. Gaviria said that if he is elected Colombian president in May, he will lead a government of national participation. Gaviria reiterated that he will confront violent groups and will strengthen justice mechanisms in order to punish criminals. Gaviria expressed his support for the constituent assembly and added that he will convoke the entire country to elect its members.

[Begin Gaviria recording] Inspired by Galan's [late Liberal Party presidential hopeful] ideas, we will begin days of hard work in order to create more jobs, to introduce changes, and to build a better future for our nation. [end recording]

The Liberal Party convention served to reconfirm the unity of the party and the name of Cesar Gaviria Trujillo as the single Liberal Party presidential candidate.

Paraguay

Brazil's Economic Plan Affecting Domestic Prices

PY2703030690 Asuncion EL DIARIO in Spanish 23 Mar 90 p 8

[Text] Paraguayan Central Bank President Crispiniano Sandoval has admitted that the implementation of a strict economic policy under the so-called Collor Plan in Brazil, is provoking an inflationary effect in our domestic market.

Asked whether the new Brazilian economic plan is generating inflation from an outside source, Sandoval stated: "The monetary adjustments that Brazil is implementing are having an impact on domestic prices."

He added that Central Bank officials are observing and "evaluating closely the impact that the Collor Plan could have on domestic prices. We are especially observing the changes that are taking place in relation to prices and in the exchange market in Brazil."

He said that he is well aware of the fact "that prices in the areas bordering Brazil have increased very much, but for Brazilians these prices represent no increase at all because they use the same number of cruzados for their

shopping. Moreover, prices in relation to cruzeiros are dropping in their country. Not much, but they are dropping."

According to Sandoval, "the impact of exchanges is what seems to be affecting our price system, not only in terms of goods but of services paid in cruzeiros as well."

He was asked how long this economic plan would affect prices in our country, and he said that there would only be a temporary effect.

"We hope that the plan will only have a temporary effect, because even in Brazil there are great expectations regarding the steps the government will take to correct this disarrangement; this program of monetary and financial adjustments implemented by the Brazilian Government."

He added that the Industry and Commerce Ministry should put more controls on prices of staples in the internal market.

Rodriguez Suggests Castro Wear Democratic Attire

PY2403180090 Asuncion ABC COLOR in Spanish 17 Mar 90 p 9

[Text] On the way back from Brasilia, President Andres Rodriguez told the journalists: "Showing Fidel Castro my suit, I told him that he should replace his uniform with a democratic uniform." According to the president, he made this suggestion to Castro during the luncheon at which newly installed President Fernando Collor de Mello feted the foreign delegations.

Commenting further on his meeting with the Cuban dictator, President Rodriguez said that Castro had retorted: "This is the only uniform I have," to which Rodriguez replied: "We Latin American presidents will contribute to buy you a civilian suit, if you promise that you will wear it, Mr. President." Rodriguez said that Castro had laughed at his last comment.

During an impromptu news conference on board the Paraguayan Airlines (LAP) plane, President Rodriguez said that in his meeting with Castro, the Cuban dictator had shown interest in learning about the situation in Paraguay, and that during the luncheon, "he asked me questions about our country."

"We have not discussed politics," Rodriguez said, only topics of general interest. The president discarded the possibility that this contact may lead to preliminary talks for the resumption of diplomatic or trade relations with Cuba. He added that any step in that direction would have to be carefully analyzed from the legal point of view.

After the Paraguayan delegation arrived at the "Silvio Petirossi" Airport, the journalists again asked President Rodriguez about his meeting with Castro. He said: "He showed interest in cooperating with us in the field of technical education, particularly in genetically improving our livestock through artificial insemination. I told him that in Paraguay, we have gone beyond that stage and that we are now working on embryo transfer...."

The journalists asked Rodriguez whether Cuba would be interested in buying Paraguayan products. He answered that they had not discussed the topic, that they had only commented on topics of general interest.

In Brasilia, the Paraguayan president also met with Sandinist leader Daniel Ortega, who lost the election to Violeta Chamorro. Ortega told Rodriguez that his defeat was the result of the economic hardships being experienced in his country.

Foreign Minister Argana Visits Chile, Argentina

Possible EEC Investment Plan

PY2403190090 Asuncion EL DIARIO in Spanish 13 Mar 90 p 11

[Text] After holding talks with EEC Commissioner Matute yesterday in Santiago, Foreign Minister Luis Argana said that a very interesting agreement between Paraguay and the EEC has practically been reached. He explained that the agreement is based on what the Old World countries call third generation agreements.

The Paraguayan foreign minister pointed out that, in accordance with EEC terminology, agreements signed more than 10 years ago were first generation agreements and consisted only of trade agreements. Second generation agreements included economic cooperation problems.

Argana said that the third generation agreements, which are the ones that would be signed with Paraguay, are a mixture of trade, economic cooperation, and technical support, and they include incorporated groups that would make important investments in our country.

He added that these are general agreements that are adapted to the needs of each country through notes.

"In that sense, we will have a general agreement, unlike the one the EEC will sign with Argentina and Chile—two countries that have not signed a general agreement for well known reasons. Then notes will begin to be exchanged," Argana pointed out.

He said that the agreement itself foresees reciprocity and the possibility that Paraguay may eventually invest in Europe, within the framework of the Common Market. He said that our country is primarily interested in the investments that the EEC countries promise to make through the corporate groups.

Argentine Visit Outlined

PY2703025290 Asuncion ULTIMA HORA in Spanish 26 Mar 90 pp 12, 13

[Excerpts] Minutes after his arrival from Buenos Aires today, Foreign Minister Luis Maria Argana said that the Paraguayan Government has acquired property in Zarate (Buenos Aires Province) where it intends to build a port to load and unload hydrocarbons, and to export Paraguayan products. Paraguay will use this port instead of another port which, because of illegal maneuvers, is now the property of Navipar [expansion unknown]. [passage omitted]

Argana also said that during his stay in Buenos Aires he met with Argentine President Carlos Menem and Foreign Minister Domingo Cavallo. He said that during these meetings he expressed the Paraguayan Government's interest in having a free port to export Paraguayan products. Argana added: "Both President Menem and Foreign Minister Cavallo expressed their willingness to respond to our request." [passsage omitted]

Forgiveness Offered to Colorado Militant Faction

PY2603151490 Asuncion HOY in Spanish 26 Mar 90 p 8

[Report by special correspondent San Nicolas]

[Excerpt] Ita—The "democratic" faction of the Colorado Party yesterday voiced its decision to launch, within the party, a movement to "forgive" the members of the "militant" faction [which supported Stroessner until his ouster]. During a political meeting with Ita rank and file leaders who belonged to the "militant" faction of the Colorado Party, the leaders of the "democratic" faction asked their audience to join them in the struggle for the democratization of both the party and the nation. The rank and file leaders promised to support the efforts of the "democratic alliance" which seeks to get the orthodox and traditionalist faction out of the party leadership.

Blas N. Riquelme, top leader of the "democratic alliance" talked about forgiveness while other representatives of the various groups within the "democratic alliance" made impassioned calls for "rapprochement based on honesty." These calls were addressed to the former members of the "militant" faction whose top leader in Ita is Ignacio Cardenas, former Colorado Party precinct president and former mayor of the city. [passage omitted]

PRF To Elect Officials Through Direct Vote

PY2403215290 Asuncion EL DIARIO in Spanish 19 Mar 90 p 3

[Text] The February Revolutionary Party (PRF) yesterday approved its charter during a heated meeting, thus becoming the first party to comply with the terms of the recently promulgated Electoral Code and establish the direct vote as the only way to elect authorities and candidates for national elections. The representatives of the "Rafael Franco Multisectorial" faction did not take part in the voting because they had already left the meeting.

The partial modification of the charter was the fourth item on the agenda to be approved. When discussions on this item began, however, the conventioneers of the "Multisectorial" faction, which is led by Manuel Rivarola, Oscar Gomez, Adolfo Ferreiro, and Ricardo Lugo Fernandez, had already left the party headquarters.

The approval of the fourth item on the agenda, which was presented by PRF Secretary General Enrique Sanchez, occurred without debate. Only the conventioneers of the Euclides de Acevedo faction—who are numerous enough to complete the quorum—voted on it.

The reorganization of the Central Electoral Board [Junta Electoral Central—JEC] was approved with 106 votes in favor and nine abstentions. Zully de Lugo and Ruben Parra were removed from their positions and new party members were appointed.

This move was the most discussed item on yesterday's agenda. The "Multisectorial" faction representatives rejected the reorganization in the belief that the JEC members were being punished despite the fact that, according to the charter, the convention did not have authority to do so.

The "Multisectorial" faction representatives also requested that those thus punished be given the right "to defend themselves in court." The officialist sector pointed out through Anibal Carrillo Iramain that the two JEC members who were removed had not complied with their functions and were responding exclusively to the requests of the "Multisectorial" faction. The officialists' position finally prevailed and the "Multisectorial" faction conventioneers left the meeting.

Government Thwarts Joint Radio Moscow Broadcast

PY2703003690 Asuncion EL DIARIO in Spanish 14 Mar 90 p 7

[Text] Radio Nanduti Director Humberto Rubin has harshly criticized Antelco [National Telecommunications Administration] for censuring a communication with Radio Moscow last 11 March. On that date, the two radio stations were to simultaneously broadcast a panel debate. "I feel like we are living the Stroessnerist era all over again. When Antelco's administrator general tried to explain the situation I thought I was hearing the same old speech again," Rubin said.

Antelco Administrator Colonel Miguel Cirilo Guanes told Rubin that the radio needed to fulfill a series of requirements, take a series of steps before a "duplex" [preceding word in English], or a station-to-station live

communication, could be authorized. Such requirements are not necessary for normal telephone communications, Guanes said.

Rubin said he did not know that Antelco had forbidden the program until a listener, who tuned into Radio Moscow on shortwave, discovered it. At 0520 on 11 March Moscow made a direct call to the station, and Antelco let the call through. Later on, however, an Antelco operator named Villalba said he could not allow such a communication to continue because the administration did not authorize it. Thus, Radio Moscow could not connect with Nanduti.

"I am totally disappointed. As long as the authorities maintain this attitude we will not be able to transmit freely. With the sole exception of Cuba, which, I believe, is the only country without official contacts with the United States, all countries talk with each other without restrictions."

Peru

Terrorists Continue Campaign To Jeopardize Vote

PY2303142390 Madrid EFE in Spanish 1533 GMT 16 Mar 90

[Text] Lima, 16 Mar (EFE)—The Maoist Shining Path terrorist organization and the Tupac Amaru Revolutionary Movement (MRTA) are staging attacks in an attempt to make cause a boycott the 8 April Peruvian elections.

A bomb exploded early this morning near the house of Health Minister Paul Caro Gamarra. Caro's wife said that the house, which is in the port of El Callao, lacks police protection.

The headquarters of the center-rightist Democratic Front (Fredemo), whose presidential candidate is the writer Mario Vargas Llosa, was bombed last night. The MRTA claimed responsibility for the attack through leaflets left at the scene.

The MRTA also planted explosives and left leaflets beside five Fredemo placards.

Forty members of Fredemo were at the headquarters, which is on an important Lima avenue, when the attack occurred. Nobody was injured. David Cifuentes, a deputy candidate of the ruling American Popular Revolutionary Alliance (APRA) today said that there is a terrorist plot to kill the presidential candidates.

On 14 March Cifuentes escaped unharmed from an attack on the car in which he was travelling. His bodyguard died in the attack that occurred 40 km from the city of Cajamarca.

The terrorists placed big stones at a curve in the road that caused the vehicle to run off the road. The attackers then opened fire on the car. Cifuentes fell out of the vehicle and broke his arm in two places; he is now in the hospital.

Shining Path members recently murdered 19 people, including 10 children, in a small village near Huancayo city, 415 km south of Lima. This act clearly shows that the Maoists are determined to continue killing and destroying.

Some 300 people were murdered by the Shining Path during the boycott of the municipal elections on 12 November 1989.

The attacks perpetrated by the MRTA last night belies the alleged announcement that they will cease to use violence. This announcement was published by a local newspaper two days ago.

United Left Deputy Gustavo Espinosa, in a statement to the daily ONDA, said that if the MRTA is truly seeking a political way to turn in their weapons "they would contribute to the pacification of the country."

However, Espinosa said that one cannot consider an end to the violence until there is more proof of their announcement.

During the past 10 years, the Shining Path and the MRTA have perpetrated more than 16,000 attacks that have caused damage estimated at $10,000. This estimate was prepared by the congressional commission in charge of assessing the effects and causes of political violence in Peru.

During President Alan Garcia's term of office the terrorists have perpetrated 10,621 attacks, which represents an average of more than six attacks per day during his five years in power.

Victims of political violence amount to approximately 19,000, of which 700 have died during 1990.

Labor Leader Badly Hurt in 'Confusing' Accident

PY2403203090 Madrid EFE in Spanish 0404 GMT 21 Mar 90

[Excerpt] Lima, 21 Mar (EFE)—The police have reported that Valentin Pacho, leader of the Communist labor confederation and a Peruvian senator, has been brought into the Lima hospital in critical condition. Pacho was in a car accident that took place under confusing circumstances.

The car that was transporting Pacho to Lima from Cerro de Pasco Province, in the mountain region, overturned at km 150 of the main highway. According to preliminary reports, the car hit rocks that had fallen on the road beyond a sharp curve.

Because there has been a series of terrorist attacks on mine deposits and a state refinery, resulting in the deaths of several people and much damage, the police had established a "red zone" in the area.

The accident occurred 17 days before the presidential elections during a terrorist escalation that has resulted in 100 deaths over the past week, including many members of the security forces. Pacho, who is the general secretary of the General Confederation of Peruvian Workers (CGTP), which has communist leanings, had recently described the "Shining Path" as a criminal group and an "enemy" of the proletariat.

A CGTP spokesman informed EFE that Senator Pacho was on his way back from Cerro de Pasco, 415 km southeast of Lima, where he had met with miners employed by the "Centrominperu" [Central Peru Mining Enterprise], who had postponed a 72-hour stoppage scheduled for 19 March to demand better salaries. [passage omitted]

Car Bomb Explodes at Economy Ministry in Lima

PY2403040090 Madrid EFE in Spanish 0339 GMT 24 Mar 90

[Excerpt] Lima, 23 Mar (EFE)—A car full of dynamite exploded in front of the Economy Ministry in Lima today, killing one person and injuring five others. The police reported that several other explosions were heard throughout the city.

According the eyewitnesses, the shock wave of the "car bomb" shattered the windows on many of the 12 floors of the Economy Ministry and neighboring buildings. The National Police reported that the person who died has yet to be identified, while the people who were injured had been selling trinkets around the building.

According to initial reports, police officers guarding the Economy Ministry were not injured. [passage omitted]

State of Emergency Declared

PY2403004390 Madrid EFE in Spanish 0024 GMT 24 Mar 90

[Text] Lima, 23 Mar (EFE)—In view of the continuing wave of crimes and terrorist attacks, the Peruvian Government today declared a state of emergency in Lima and the neighboring port of Callao to safeguard the elections scheduled for 8 April this year.

The Interior Ministry has issued a communique announcing that police forces throughout the country have been "absolutely forbidden from taking leave" [inamobilidad absoluta] to protect political candidates and citizens in general.

New Terrorist Group Reported; Name Not Known

PY2603144090 Lima Television Peruana in Spanish 0000 GMT 25 Mar 90

[Text] Peruvian Technical Police Director Fernando Reyes Roca has confirmed that a new subversive group is purchasing weapons with which to carry out terrorist attacks. He also reported that 20 individuals involved in murders and acts of sabotage have been arrested.

Reyes Roca has reported that in the past 48 hours the police have arrested 20 terrorists involved in several subversive attacks in Lima. Reyes Roca confirmed that a new terrorist group has appeared in the country and that some of its members have been arrested.

Reyes Roca did not disclose the names of the terrorists, but said that the new terrorist organization is purchasing weapons with which to perpetrate terrorist attacks. He added that in the next few days the police will arrest more people and that the leaders will be identified.

Concerning the state of emergency decreed in Lima few days before the 8 April general elections, Reyes Roca pointed out that the police and the Armed Forces are coordinating actions to guarantee the normal development of the elections.

Reyes Roca called on the people to cooperate with the anti subversive struggle considering that this important democratic act will take place within a few days.

New 'Patriotic Liberation Front' Begins Attacks

PY2603022190 Madrid EFE in Spanish 0125 GMT 26 Mar 90

[Text] Lima, 25 Mar (EFE)—The national police have reported that the "Patriotic Liberation Front" [Frente Patriotico de Liberacion] bombed three important public buildings in Lima today, causing a lot of property damage but no casualties.

A police source reported that groups from this new terrorist movement attacked the city hall of San Juan de Miraflores, on the outskirts of Lima; an Electrolima [Lima Electric Power Enterprise] office; and an Entelperu [National Telecommunications Enterprise of Peru] office in the Miraflores and Surco Districts of Lima. The source added: "This new terrorist organization wants to intimidate the people to prevent them from exercising their right to vote on election day (8 April)."

In these elections the people will elect the president of the Republic, two vice presidents, 180 deputies, and 60 senators. It is believed that at least 10 million Peruvians will vote.

Up to now the police have attributed the most serious attacks and crimes to the Maoist "Shining Path" group and the Marxist "Tupac Amaru Revolutionary Movement" (MRTA). The "Shining Path" and the "MRTA" are responsible for the deaths of at least 700 people this year, including a dozen candidates for congressional seats and regional assemblies and some thirty members of the security forces.

Shining Path Kills 50 Ashaninka Indians in Junin

PY2403200890 Madrid EFE in Spanish 1436 GMT 21 Mar 90

[Text] Lima, 21 Mar (EFE)—Ashaninka tribe members reported today that Shining Path terrorists killed 50

members of the Ashaninka tribe on 15 March. This means that 150 Ashaninka Indians have been killed over a one-month period. Ashaninka Indians armed with bows and arrows clashed with "Tupac Amaru" Revolutionary Movement (MRTA) guerrillas one month ago. Nine Indians were killed in the clash.

The Ashaninkas inhabit the jungle area of Junin Department, which is east of Lima Department.

According to the Ashaninkas, Shining Path terrorists attacked a Catholic mission in November and killed three people for refusing to hoist a red flag.

The Ashaninkas said that Shining Path terrorists are grouping the Indians in a specific area to control them and to teach them the Shining Path ideology. They noted that they have requested help from the police but no one has paid any attention. The Indians said: "We want to clear our area of terrorists. But arrows cannot stand up to rifles."

Division of Left 'Weakens' Chances at Elections

PY2303161290 Madrid EFE in Spanish 2057 GMT 16 Mar 90

[Text] Lima, 16 Mar (EFE)—According to observers, the division of the Peruvian leftist sector and its inability to unite weakens its chances of victory in the upcoming general elections scheduled for 8 April.

The Peruvian left is divided into two groups: the Socialist Left, whose presidential candidate is former Lima mayor Alfonso Barrantes, and the United Left (IU), whose candidate is Henry Pease.

Barrantes represented most of the leftist tendencies as IU candidate during the elections held on 14 April 1985, which were won by the American Revolutionary Popular Alliance (APRA), with the help of independent voters, although the IU remained as the number two Peruvian political force. Later, the most radical member parties of the IU opposed Barrantes, whom they considered too moderate, and the Socialist Left headed by the former mayor was created.

Observers say that with such little support, according to recent polls, the two factions have recognized how slim their chances are if they run for election separately.

For this reason the secretary general of the Communist Party, which belongs to the IU, Senator Jorge del Prado, yesterday asked Barrantes to give up his candidacy in Henry Pease' favor, but the former mayor refused. Pease has also said that he is not going to ask Barrantes to step down.

IU Deputy Guillermo Herrera Montesinos, in a statement to a local radio today, said Barrantes has not been asked to give up his candidacy by the party leadership but rather by the party grass roots.

The congressman said it was "a mature and responsible request." Socialist Left Senator Edmundo Murrugarra said the request to Barrantes "makes no sense."

Moreover, there is a very small percentage difference in popularity between the Socialist Left and the IU: Barrantes has a 10-11 percent approval rating while Pease has a seven to eight-percent rating.

Sectors Concerned Over Vargas Llosa's Program

PY2303145390 Madrid EFE in Spanish 2224 GMT 22 Mar 90

[Text] Lima, 22 Mar (EFE)—Broad sectors in Peru are concerned that Mario Vargas Llosa may implement his announced economic program if he wins the 8 April elections; his plan has been likened what is happening in Brazil and Argentina.

Vargas Llosa's political adversaries have said this during a political television program on 18 March, Vargas Llosa said that he will introduce reforms like those recently introduced by Brazilian President Fernando Collor de Mello.

Vargas Llosa said that he believes that the speech by Collor de Mello was "admirably serious, consistent, honest, and modern. I think he is doing the right thing for a Latin American country which wants to modernize itself."

"EXPRESO," a center-rightist newspaper which supports Vargas Llosa, said that the writer made a "tactical mistake" by "supporting the economic program of Collor de Mello in Brazil. He should have explained that he shares the Brazilian president's anti-inflationary and moralization objectives, but not necessarily his methods."

Peruvian First Vice President Luis Alberto Sanchez yesterday said that Fredemo's [Democratic Front] shock policy will cause a civil war and will promote subversion.

To imitate Collor de Mello "would be very risky and to implement his program in Peru would be a crime," Sanchez added.

President Alan Garcia said yesterday that a policy, which seeks to immediately solve problems that the country has accumulated over decades, "can only cause more traumas." The president said: "It would be bold and suicidal."

Businessmen believe that Vargas Llosa's program will cause social problems and that it will jeopardize the stability of enterprises.

Businessmen have suggested that the careful reduction of tariffs, as proposed by the Fredemo candidate, will eliminate many of the protectionist barriers, thus benefiting local industry.

*** Fredemo Economic Program Discussed, Detailed**

*** Social Measures Guaranteed**

90ET0163A Lima EL COMERCIO in Spanish 4 Mar 90 p 1f

[Summary of interview with chief of Fredemo's Government Planning Committee, Luis Bustamante Belaunde, by Fernando Mac Kee Tueros: "The Shock Gets Worse Every Day"; place and date not given; first paragraph is introduction]

[Text] The fact is, Peru is already in the midst of a severe shock or adjustment. The economic program of Fredemo [Democratic Front] will seek to overcome it by also implementing a social-support plan to protect the have-nots. It will be a difficult adjustment, and many will be hurt or bruised. Eventually, however, in 4 or 5 years we will have a country with a sound economy in which economic growth would really mean development. This is the projection of the head of the Government Planning Committee of the Democratic Front, Luis Bustamante Belaunde. Bustamante also indicates that it will not be easy to secure the funding for this program of social support. He feels that to this end Peru will have to develop greatly its ability to sway other countries. Bustamante is very cautious yet also optimistic in his assessment; he is confident that Peruvian capital overseas will return, that real tax reform is indeed possible, and that the business world agrees with Fredemo on tariff policy. Nevertheless, he voices concern over the administration's handling of the economy in its final months, but immediately thereafter he expresses confidence in the civilized spirit of our democratic authorities. Below we present a summary of our conversation.

[EL COMERCIO] What was your greatest difficulty in drafting the government plan, especially in the area of the economy?

[Bustamante] The biggest difficulty that we found in general, not just as far as straightening out the economy is concerned but in every other respect, is the sharp changes every day in the indicators as a result of the worsening situation.

[EL COMERCIO] Should the economic plan be very flexible?

[Bustamante] This is what we are giving the most consideration to. The situation that we will encounter on 28 July, if the citizenry gives us a mandate, will not be the same as the current one. Our fear is that the situation will be even worse.

[EL COMERCIO] You're regarded as a moderate. Are you or not?

[Bustamante] This is conjecture....When it comes to straightening out the economy, what matters most is not temperament or disposition; it's technical data. The point is not to bring moderate or radical views into play but rather to ascertain what the situation is actually like....

[EL COMERCIO] Are we talking now about a drastic adjustment or shock?

[Bustamante] I'm not afraid of the word shock, because among other things you have to know how to apply it. As far as we're concerned, the country has been in shock for many months as a result of this administration's blunders.

[EL COMERCIO] We're already in shock....

[Bustamante] The economic situation has worsened, and the social impact is striking....More and more Peruvians are poor. Today, according to international standards, 52 percent of the population is living in poverty and 32 percent in extreme poverty. Dozens of stores are closing every day, and many people are being left without jobs....

[EL COMERCIO] In government you would work to eliminate the already existing shock that the current administration has caused....Is that the idea?

[Bustamante] To put a rapid end to this social shock we are implementing an economic program that will do away with inflation as quickly as possible.

[EL COMERCIO] This program will be expensive....Do you have the funding for the necessary social cushion?

[Bustamante] We're certain that international technical cooperation will expand when other countries see that there has been a change of government, when they perceive that there has been a change of direction, a more reasonable handling of the economy, and better management ability too.

[EL COMERCIO] Have you made any estimates of the funding needed?

[Bustamante] Around $700 million would have to be allocated just to meet the food requirements of a social program for that one-third of the population of pregnant and nursing mothers and their children up to age five. We think that no less than one-third has to come from Peru....

[EL COMERCIO] But the developed world has other priorities today....It won't be easy to get the money....

[Bustamante] We have to develop our powers of persuasion so that as much funding as possible is earmarked for Peru during the first and second year. We have approached several international volunteer and development organizations that are very interested.

[EL COMERCIO] Under a program like the one you are proposing a great many people could be left out of the production system. What is your solution?

[Bustamante] We plan to offer financing for small-scale, short-term, labor-intensive projects that neighborhood

organizations in urban areas and peasant-farmer groups in the countryside develop independently, projects that will channel investment more into wage earnings than into materials or sophisticated equipment.

[EL COMERCIO] Has there been any change of approach in the tax policy to be pursued?

[Bustamante] Tax policy has two stages. There is an initial emergency period when we will unquestionably have to rely on indirect taxation....We will have to keep taxes like the current ones on fuel and the ones that could be placed on it henceforth, as well as some that could be placed on other indirect transactions, such as—and I'm just giving an example here; I'm not making any announcement—a tax on overseas transactions. This would be during an emergency period.

[EL COMERCIO] And what about tax reform....

[Bustamante] We want to streamline the tax system, to cut the number of taxes from close to 100 to no more than 10. Direct taxes come into play here, with emphasis on the capital tax, which tends to correct the relative inequality in savings. In the case of the corporate income tax, we plan to modify it in two ways, first by eliminating exemptions, which will really be across-the-board, and second by avoiding the penalties that the income tax now places on company profits.

[EL COMERCIO] Many have been talking about conflicts with production sectors over the tariff policy that you are proposing....

[Bustamante] I've never thought about there being a conflict in our relations with the production sectors. We've seen that they are all aware of how grave the situation is. They accept the need to open up the economy and to establish a system based on private enterprise and unfettered competition.

[EL COMERCIO] But do they share the idea of a single tariff?

[Bustamante] What is under study is the criteria that ought to be followed in placing items in three categories during a transition stage. Whether it should be only the nature of the importable good; whether the distinction should be made on the basis of domestic production, or whether we can find a combination of the two criteria that is viable or satisfactory.

[EL COMERCIO] You're very optimistic when it comes to foreign investment. Why should people invest in Peru?

[Bustamante] In our judgment, the treatment that we give foreign investment should not be any different from what we are prepared to provide domestic investors, because both domestic and foreign investment is essential for development. There is no reason why we should discriminate for or against either of them.

[EL COMERCIO] But don't you think that genuinely Peruvian capital should first return from overseas?

[Bustamante] Peruvian capital overseas may return if we are able to offer clear and stable rules....Thus, Peruvians who have funds overseas right now could feel tempted to invest in their own country....If they don't do so now, it's because they want to protect savings that they have had a hard time building up.

[EL COMERCIO] There is talk of bombs or mines that the current administration is leaving behind for the next one....

[Bustamante] We are very worried about the future purchasing commitments, the appropriation of tax revenues for the current fiscal year, the light tax burden that is being left for us, and the huge and tangled system of controls, which it is going to take a long time to dismantle.

[EL COMERCIO] What should be done to prevent problems during the transition?

[Bustamante] The mandate from the citizens, if the people give it to us, begins on 28 July, not before. But every civilized country with democratic authorities must be able to interpret the will of its citizens in such a way that whatever measures are taken from then until power is actually transferred are consistent with the will of the citizenry, not with the whims of the authorities.

[EL COMERCIO] Finally, how would you define the Fredemo program? What is its long-term objective? What is its real raison d'etre?

[Bustamante] Our program is a meaningful and clear-cut expression of our intentions, so that unlike what happened with the Aprista administration, no one believes in nonexistent paradises. As far as we're concerned, the most important thing is not this initial transition period but what we are going to be able to do over 2 or 3 years: make a permanent change in the direction of an economy that is now adrift.

[EL COMERCIO] And for the people....

[Bustamante] Within 4 or 5 years, when the Democratic Front's term of office is over, the Peruvian people without distinction will have experienced real growth and will be enjoying the sort of indisputable social well-being that they lack at present. The extreme poverty besetting one-third of the population will have begun to decline in a very tangible way, and those who today cannot even eke out a living will, we hope, have a job by then and know that their hard work is going to translate into well-being for them and their families. This is the objective of our economic policy; the rest is therapeutic measures needed to overcome the current imbalances.

* Privatization Outlined

90ET0163B Lima CARETAS in Spanish
5 Mar 90 pp 20, 22

[Text]Chilean Style

The privatization process that Fredemo will carry out in government will not be half-hearted or lukewarm if it wins the upcoming general elections. "All state-run enterprises, without exception, will be privatized," revealed the man in charge of the privatization plan, Senator Javier Silva Ruete.

In the view of the Fredemo leader, no business sector is strategic to national security. "This thing about strategic enterprises is just a glib phrase or perhaps a military or geopolitical term that has nothing to do with economics," he underscores.

Silva Ruete indicates that if Fredemo wins the election, on 29 July it will decree the immediate privatization of 80 state-run enterprises. Some of them are: the National Telecommunications of Peru, Peruvian State Airlines, Electrolima [Lima Electric Power Enterprise], Sedapal [Lima Water Service Company], the National Enterprise for Industrial Marketing, the Rice Marketing Enterprise, the Peruvian Fishing Services Enterprise, Cerro Verde, Paramonga, Quimica del Pacifico, Refineria de Cajamarquilla, Papelera Peruana, Empresa de Tabaco, Transoceanica, and the enterprises that produce cement, plus the Continental, Popular, Interbanc, Surmeban, and Comercio banks, and the insurance companies Popular, Porvenir, and Reaseguradora Peruana.

Also to be sold are the Special Rights of the State, which are economic-feasibility studies for mining, petroleum, business, etc. projects.

The privatization model that a likely Fredemo government headed by Mario Vargas Llosa would apply would be tailored to the country's specific conditions, Silva Ruete asserted. But if we had to choose one that resembles it, it would be Chile's.

In the senator's judgment, "in Chile the lack of money was offset by a lot of talent and hard work." And this, he says, is what has to be done in Peru.

The final decision was worked out, according to Silva Ruete, after an analysis of the experiences with privatization in England, Spain, Italy, and Chile. The Fredemo plan will be managed and guided by a National Commission, while it will be executed by the state-run agencies that own the enterprises: the Bank of the Nation or Conade [not further expanded].

As for the transaction procedure, Silva Ruete says that clearly regulated public auctions will be held. "The mechanisms that we are proposing are transparent. There will be no direct discussions," he asserts.

In answer to this inevitable question: Who is going to buy the state-run enterprises in the midst of a crisis? Silva Ruete replies: "We're going to create a new capital market."

The market in question would have three sources of funds: 1) An Indemnification Fund for the workers in the enterprises to be privatized who agree to buy shares; 2) A percentage of the private pension funds that Fredemo plans to create; and 3) The unrestricted sale of shares on the stock market (general shareholders). In addition, medium-sized blocks of shares will be sold when it is felt that the enterprise to be sold off requires a heavy infusion of capital.

In the case of Minero Peru Comercial, the approach will be different. The offer would be made exclusively to small- and medium-scale businessmen miners. Should there be anything left over, it would be marketed among general stockholders.

The plan will, of course, be accompanied by an intensive publicity campaign to persuade people to invest their savings in shares of privatized enterprises.

The selling prices will be set in accordance with a government appraisal of each enterprise. Likewise, the government will decide what percentage of the shares will be offered to the workers in each enterprise, what percentage will be offered in blocks, and what percentage will be sold among general stockholders. In the case of the so-called medium-sized blocks, foreign, in addition to domestic, capital will be allowed in.

Senator Silva Ruete says that the originality of the plan that he is proposing lies in the fact that it seeks to carry out three simultaneous processes: overhaul the enterprises, privatize them, and stabilize the country's economy. The third would be regarded as a consequence of the first two, the assumption being that the deficit incurred by state-run enterprises, which is a heavy burden, would be eliminated.

The overhaul is designed to make radical changes in these enterprises, including the "transfer" of personnel (cuts) in order to make them attractive to private investors.

* IS, Fredemo, APRA Programs Contrasted

90ET0160B Lima EL NACIONAL in Spanish
17 Feb 90 pp 12-13

[Interview with Socialist Left congressional candidate Angel Delgado by Carlos Cabrera Oliva: "Barrantes Was Never Associated With APRA Policy"; place and date not given; first paragraph is EL NACIONAL introduction]

[Text] Dr Angel Delgado, prominent leader of the Socialist Left [IS], is promoting an ambitious government reform program to oppose the Fredemo [Democratic Front] program. In the following interview, he reveals a number of guidelines which, under a possible

government headed by Alfonso Barrantes, would be aimed at energizing the function of government. The former head of the municipality of Lima and former candidate for deputy mayor now running for deputy states that it is not true that President Alan Garcia has applied the measures proposed in his political group's platform. At the same time, he emphatically denies that Alfonso Barrantes has had anything to do with the political and economic orientation followed in recent years by the Aprista Party [APRA—American Popular Revolutionary Alliance]. His remarks follow.

[EL NACIONAL] Dr Delgado, could you summarize the proposed government reform you are formulating?

[Delgado] The need to transform the government is based on the ever greater gap between the demands of the people and the machinery of government, which is incapable of representing these new social movements and of properly and adequately channeling the people's demands. This obviously affects the operation of institutions and causes the government to lose influence and authority. Consequently, corrective measures must be aimed at the reorganization of the economy and deal with the very nature of government.

[EL NACIONAL] But that is also what Mario Vargas Llosa proposes.

[Delgado] The Fredemo proposal states that in the face of this crisis, the government must be drastically reduced in size, stop intervening in the area of the social economy, and become a subsidiary state confined to guaranteeing that the free interplay of supply and demand will be able to restore the overall balance of the economy. What they are trying to do is to dismantle the state and eliminate any kind of meddling in the lives of the citizens, especially insofar as the labor-capital relationship is concerned. They want to deprive the state of any kind of participation in the policy of development.

[EL NACIONAL] Based on the proposals of Vargas Llosa, is it possible to emerge from the crisis?

[Delgado] Absolutely not, because this proposal contains several errors. First of all, the historical analysis on which it is based is absolutely partial and false, partial because while it is true that the government bears responsibility, it is incorrect to blame it for everything that happens, especially when events are the result of diverse interests acting in society. Second, a deeper and more thorough analysis should lead us to study the socioeconomic structure allowing the existence of a certain type of state and, above all, the role it plays in terms of economic and social interests.

[EL NACIONAL] From your standpoint, what lies behind this announcement?

[Delgado] I think we all know that from the old, agricultural, exporter oligarchy to the bourgeoisie that emerged from the process of industrialization, which in Peru began with the model of import substitution in the decades from the '50's to the '70's, they were the ones who guided the economic and political process through the government. Heavy responsibility must therefore be borne by the groups now making up Fredemo, which they want to conceal by blaming the government. While it is true that it is in a crisis, it is precisely because of the failure of improper attempts at development generated by the classes that always held power. Therefore, what the position of nullifying the government basically seeks is to guarantee that the sectors responsible for the country's economic leadership, the ruling classes, and monopolies, may act with no restrictions, without respecting the gains of the working class, dooming small and medium-size businesses to disappear.

[EL NACIONAL] Does your reform plan intend to reduce the size of government?

[Delgado] We do agree that it is necessary to modify the government apparatus substantially and, not only that, but change the country's current structure of production. We have to change the economy and political apparatus of the state. We think the model of replacing imports and the modern thrust the economy has had through a kind of industrialization had serious limitations. First of all, industry was oriented toward medium- and high-income groups rather than the production of common consumer goods. That is why there are shortages on the market.

In addition, the technology and goods used do not take advantage of our abundant labor supply. For that reason, the national production apparatus for at least the last two decades has been incapable of absorbing the growing labor supply. Third, this is a productive system which, in order to be able to develop, requires foreign exchange in order to buy capital goods, consumable expenditures, and products from abroad. Consequently, our economy is "addicted" to foreign currency, the dollar, which distorts the balance of payments. We have an economy that has not been able to establish a proper relationship between the city and the country.

[EL NACIONAL] How can the situation be reversed? How can we make the government efficient, capable of integrating the country's different social strata?

[Delgado] We must try to integrate the economy, orienting production toward the most common consumer goods. We must rediscover the central idea of the productive apparatus that includes the city-country relationship, integration of the domestic and international economy, and production of consumer goods and capital goods so that the economy may have a balance and a fairly stable cycle. For us, it is this structural maladjustment of the economy, the inability of the productive apparatus to meet the growing demands of the people, that is the reason for the inflationary spiral. Despite any recoveries it may then experience, our economy inevitably breaks down again, like an old car already repaired many times and which, when pushed too far, quits. Over the past 15 years, we have had adjustment policies of the IMF under Silva Ruete during the second term of the

Belaunde Administration, with ministers such as Ulloa and Rodriguez Pastor applying policies of recovery and the results were always the same.

[EL NACIONAL] While it is true that the political forces that governed were not capable of creating a solid, strong state in keeping with the needs of our society, and although power was always in the hands of the right, one cannot exempt these 5 years of the Aprista government. In your opinion, how much of the responsibility for the crisis must be borne by Haya de la Torre's party?

[Delgado] It is very serious because APRA took up the people's banners, offering to solidify the national economy. This is true; we would not criticize the Aprista Party just because we felt like doing so. I think our people are tired of accusations, but we do make the current government responsible for leading the country to bankruptcy and being inconsistent in the application of economic programs that were implemented. The program of Alan Garcia and Alva Castro is one of recovery through demand, public spending, higher wages, but its drawback is that it was global in nature rather than giving priority to the production of consumer goods for the people. While it is true that for the first 2 years it yielded certain results, the cost we had to pay was burning our foreign exchange and causing certain prices to become so distorted that normal operation of the economy was impossible.

[EL NACIONAL] But on many occasions, Fredemo spokesmen have maintained that the Aprista Party applied some of the measures contained in the program of the United Left and now the Socialist Left. They have even associated Dr Alfonso Barrantes with specific measures adopted by President Alan Garcia.

[Delgado] I should like to define totally those charges, first of all because the IU at the time and Alfonso Barrantes in particular manifested and never concealed their friendship with Dr Alan Garcia. However, this in no way meant having any capacity whatsoever to exert influence on the development of economic events. At any rate, those who did have direct access to the president during that period were the so-called "12 apostles," the great representatives of finance and business in the country. Rather than take advantage of the friendship, they benefited greatly from the process of economic recovery and were not in the least ashamed to send the big profits obtained abroad instead of reinvesting them. They never lose because they know their privileged situation will be maintained.

[EL NACIONAL] So there was not even any agreement on certain measures applied by APRA and those proposed by the leftist government's program.

[Delgado] Well, there was agreement, but that is not enough if there is no consistency in the application of measures, and here we must be extremely clear. Many measures taken in the area of international policy with respect to the IMF were correct, but hesitation and errors turned them into decisions that did not help the people at all.

[EL NACIONAL] But those points of agreement of IS with APRA marked a difference with the United Left.

[Delgado] I think the differences with our IU comrades lie in the area of the need for the organized people to be able to govern this country. Unfortunately, the majority will of the IU as expressed by its most radical groups is that of becoming a force in opposition to the different regimes rather than using all means and resources to govern the country.

[EL NACIONAL] This business about using all means and resources in order to be a government could be interpreted as a rebel proposal.

[Delgado] Well, that was one of the topics of debate at the Huampani Congress. We claimed the political struggle as the basis of the masses' aspirations to achieving their rights and making them prevail. We choose the democratic struggle and reject forms that resort to violence.

[EL NACIONAL] Is there any possibility of a reunification of the left?

[Delgado] Political fronts and alliances correspond to the times and specific objectives. For example, if it is a question of being a government, I would say with absolute clarity that it is preferable to join with forces that affirm democracy, that do not vacillate when confronted with groups that have taken up arms or antidemocratic forces. In other words, I think we need political coherence that the IU as it was before could not give us. This in no way means that in other areas we cannot have direct policies. For example, I think that in the face of threats from Fredemo that would wipe out the people's gains, our determination to have an alliance with our IU comrades is a fact, but also with other independent sectors, even the APRA rank and file.

[EL NACIONAL] A few days ago, Deputy Cesar Barrera Bazan demanded clear proposals from Alfonso Barrantes, not only the sale of a political image.

[Delgado] One should tell him that charity begins at home and that they themselves should make an effort to present their proposals because we know of nothing serious from the IU other than the report.

[EL NACIONAL] Do you not agree with the report made by Senator Diez Canseco concerning income tax evasion by Mario Vargas Llosa?

[Delgado] That is a report of great political import, but it has no real significance in terms of helping us to find a way out of the crisis.

[EL NACIONAL] The Socialist Left proposes a national agreement, but one must remember there are wide social gaps in our country, and the behavior of the ruling

classes will always be oriented toward protecting their interests. Under such conditions, can an agreement be reached?

[Delgado] Politics means unity and struggle, just as it means confrontation and reaching agreement. What has happened is that in our country and starting from the left, we have always given more emphasis to the struggle and confrontation than to the search for agreement. Now is not the time in our country to exacerbate contradictions, and we think that from polarization we are going to build a new model for our country and a new society. It would therefore be rational for all sectors that wish to change this situation in a democratic, progressive, national direction, all sectors with different views on development but that act with sincerity and do not contribute to failure, to unite in order to create the proper political, mass conditions.

[EL NACIONAL] But that summons has already encountered resistance and it is obvious that this will not change between now and 8 April or, who knows, even after 28 July.

[Delgado] Of course it would be utopic to think that as soon as one takes power, the forces will all unite and reach agreement, but election victory is a demonstration of strength that permits the entire country to reflect. What it comes down to is that the winner must have the capacity to mobilize and sufficient generosity to be able to work and get programs going that represent the best, the most progressive and positive of all forces and, on this basis, summon everyone to work. Alfonso Barrantes has such a capacity.

[EL NACIONAL] Isn't that position extremely candid and even naive?

[Delgado] No. On the contrary, it is an enormous political struggle pact because the opposite means destroying the adversary and instituting a dictatorship. We expropriate businessmen who refuse to cooperate, meaning the establishment of a vertical, iron-handed government.

[EL NACIONAL] So you are taking the center position.

[Delgado] Naturally, because the only way to lead the country is from the political center. We came to the center from the left, not from the right like a cork, opportunistically!

[EL NACIONAL] Taking over the center position means taking an old aspiration away from APRA.

[Delgado] Well, we are trying to occupy the space, but with a different way of thinking. Space can be won by different forces. APRA has occupied a space that has enabled it to gain important backing, but the problem is when there is a vague program, an inconsistent ideology of class conciliation, the people give it a chance to take up banners carried for 60 years, and it fails. Peruvian socialism is trying to occupy that space in order to make a country with serious problems viable. We do not view APRA as an antagonistic enemy; it is a political adversary. We have profound disagreements, but we also understand that our rank and file share a common aspiration of transforming society democratically.

[EL NACIONAL] But any process of transformation and structural change tends to generate confrontations. It is not easy for the government to be put in the hands of the people on the strength of a desire.

[Delgado] I think economic and political conditions in Peru and throughout the world allow a peaceful transition to socialism, but we must warn that behind the neoliberal proposal of Fredemo and Liberty is concealed a weak democratic vocation, and a few generals now involved in politics say so openly because, according to them, these programs can be applied by a Pinochet-type government.

* Factions Within Fredemo Identified, Discussed

90ET0160A Lima CARETAS in Spanish
26 Feb 90 pp 17-19, 88

[Text] How much of the rumors about alleged deep splits in Fredemo [Democratic Front] is really true? Recent weeks have seen the emergence of differences pitting various factions of the front now shaping up as the winner of the coming elections against one another. It would nevertheless appear that the conflicting views which do in fact exist are not as far apart as some make them appear. The steamroller advertising campaign unleashed on television by candidates of the Liberty Movement would seem to be one of the elements rekindling suspicion among a number of Fredemo partners.

The "Liberty boys" are obviously anxious to win as many high posts as possible. Since most of them are not "traditional" politicians, the public does not know them, whence their interest in sweeping the media ahead of candidates from the other parties, many of whom are seeking reelection.

Liberty's apparently inexhaustible resources have enabled them to flood the media with advertising, thereby heightening the resentment of those who feel pushed aside.

One must also recall that it is in Congress where the strength of the AP [Popular Action] and the PPC [Popular Christian Party] will be felt the most, given the fact that the Executive Branch as established by Fredemo members is at the disposal of Liberty, meaning Mario Vargas Llosa, who has complete freedom to name the ministers that will second him.

If Liberty candidates also control Congress, what will be left for the other parties?

Program

While competition for top posts seems to have merely revived discord, it does actually exist and is no mere invention of the media.

Disagreements exist on various levels. Some are very specific and refer to the adjustment to be made starting 28 July. First come the backers of the radical shock treatment, which some calculations claim would send inflation shooting up to 200 percent by August. The extremists are reportedly Raul Salazar and Manuel Moreyra of SODE [Solidarity and Democracy].

Even Pedro Pablo Kuczinsky looks like a moderate alongside these two, even though their differences are actually a matter of degree. Kuczinsky is also convinced of the need for a sizable shock that would raise the price of fuel 20 times and that of electricity 15.

Several PPC economists could also be classified as radicals, albeit varying in degree.

The problems on this point and several others would be with the populists. The Popular Action is known to have cliques and factions as well. Ulloists and Alvists fought intensely on several occasions under the previous government.

Lechuzon never looked favorably upon the AP's inclusion in Fredemo. It has now obeyed the architect's mandate because it had no other alternative, given the decline in its strength since its disastrous defeat in 1985. However, it obviously does not agree with the basic proposals of Vargas Llosa.

As is typically the case with a provincial boss, Alva Orlandini's political preeminence is based on the extensive network of patronage he has managed to establish over the years. In order to maintain his influence, he has to hand out sinecures such as public posts. If they are in national enterprises with higher pay, so much the better.

Lechuzon understandably does not agree with the proprivatization and debureaucratizing ideas of Vargas Llosa and his followers. However, on this point Javier Alva is not alone; most of the Popular Action is with him. Under the previous government, public enterprises were not sold and the state bureaucracy grew considerably.

Belaunde himself stated publicly a few weeks ago that he does not approve of the dismissal of any government employee.

At the opposite end of the pole are radical liberals such as Enrique Ghersi or Alvaro Vargas Llosa (see CARETAS 1070), uncompromising proprivatizationists.

In the Popular Action, one of the liberal leaders is Jaime de Althaus, editorial page editor of the daily EXPRESO, who, without going so far as the radicalism of young Liberty extremists, nevertheless takes his place on the extreme liberal wing of the AP.

In general, Ulloists are closer to the liberalism of Vargas Llosa's "unconditionals," but there are nevertheless degrees.

One of the factors giving rise to the different angles is the Popular Action's party structure and its government experience. This makes its leaders more sensitive to patronage pressure from the rank and file and more moderate. They know only too well the practical difficulty of bringing about transformations that should in theory be applied rapidly.

First vice presidential candidate Eduardo Orrego has a surprisingly low profile. Although he has not fought with Vargas Llosa as he did with Bernales and Barrantes, their relations are not warm. The former mayor of Lima feels uncomfortable with the Liberty radicals.

Luis Bustamante Belaunde, chairman of the government's planning commission, and his cousin Miguel Cruchaga Belaunde can be included in the group of Liberty and Fredemo moderates. In this case, part of his differences with party moderates are also due to their different backgrounds. For example, Manuel Ulloa's experience and capacity for political maneuvering alienate him from them to a certain extent.

There are also groups and factions in the PPC. One of the staunchest opponents to Fredemo and its current makeup is Deputy Celso Sotomarino. He came out on the short end of the stick when the pie was divided up in his party and probably will not give Vargas Llosa's government his unconditional backing.

How Far?

These are but a few of the tensions that will have to be handled by Vargas Llosa if he takes his seat in the Palace of Government on 28 July. They are not irremediable differences but they can create problems if conflicts are not handled properly.

The next government will have to face powerful challenges and great obstacles. To the already long list of problems, ranging from the economic crisis to the terrorist threat, one must add the virulent opposition of APRA [American Popular Revolutionary Alliance] and leftist groups. When one then throws in problems within Fredemo itself, the picture is not a rosy one.

However, these difficulties are not without solutions. Relations with the future opposition could be improved without any need to abdicate the essential liberal program. Less belligerant language and a direct rapprochement such as Vargas Llosa's meeting with the CGTP [General Confederation of Peruvian Workers] last week could break down many barriers.

Patience and skill—virtues that apparently do not abound in all Liberty leaders—are needed within Fredemo itself in order to keep disagreements within manageable limits.

The distance between Enrique Ghersi and Javier Alva Orlandini is very great, for example. And yet, being

together in the same front is the price they have to pay for being able to govern. If they were split, victory would not be within reach.

But Fredemo is not merely an election necessity; it is also an essential support for the next government. If the partners fight in a situation as critical as the one in which the country now finds itself, the resulting setback would probably lead to the collapse of the democratic system.

Whence the importance of properly evaluating the inevitable differences, not in order to promote or eliminate them—an impossible task—but rather, handle them calmly and with balanced reflection.

[Box, p 19] Factions

Mario Vargas Llosa will have to decide who will occupy key posts in his government, balancing the different factions comprising Fredemo. Although not all those listed below enjoy the same importance, they nevertheless define positions and represent different currents.

Radicals: Manuel Moreyra, Raul Salazar, Enrique Ghersi, A. Vargas Llosa

Moderates: Luis Bustamante, Manuel Ulloa, Eduardo Orrego, P.P. Kuczinsky

Dissidents: Javier Alva Orlandini, Celso Sotomarino, Javier Diaz Orihuela

[Box, p 17] Vargas Llosa's Brazil Meeting

Mario Vargas Llosa's sudden trip to Brazil to meet with President-elect Fernando Collor de Mello above all served to emphasize to the world the emergence of an important antistate control trend in Latin America.

But Vargas Llosa is a radical liberal, compared with Collor. While both recommend a free market economy and share the idea of neutralizing state giantism, the Brazilian chief of state follows a partial liberalism befitting a populist of the center right, to use the description of an analyst for THE ECONOMIST.

There are nearly 500 national enterprises in Brazil. Collor has promised to privatize one a month, making about 60 by the end of his term or a little over 10 percent of the total. Collor de Mello has also said that he will not touch certain ones such as Petrobras [Brazilian Petroleum Corporation].

Brazilian state enterprises are definitely not as inefficient as their Peruvian counterparts but, in addition to the criterion of efficiency, certain Brazilian liberals maintain that the government cannot get out of the social areas due to the effect of the unequal distribution of income in Pele's native land. It might be noted in passing, with respect to the exaggeratedly uneven distribution of income, that Peru greatly resembles Brazil. Both are at the top of the list of Latin American statistics.

Unlike his soon-to-be presidential colleague, Vargas Llosa has stated he would privatize some 80 state enterprises, of which there are over 200 in our country. (In addition, the Fredemo candidate said in an interview on "Radioprogramas" on Saturday, the 24th, that there are no "untouchable" enterprises, hinting that not even those labeled as "strategic" would be exempt.)

Mechanisms to halt inflation was another topic discussed at the meeting. Brazil had an inflation rate of 1,765 percent and the figure is topping 75 percent in February. Both Vargas Llosa and Collor rule out any gradualist approach, although they emphasize they would not repeat the shock treatment used by Menem in Argentina due to fiscal and tax errors made.

However, in one sense Collor resembles Alan Garcia more than Vargas Llosa. A few days ago, when newsmen asked him who his minister of economy would be, he answered, "I will be the minister of economy." He thus sought to halt speculation about the two rival groups of economists mentioned as possible leaders of the anti-inflationary policy that will have to be applied starting next month.

On the one side is Mario Henrique Simonsen, former minister under the military regime and a supporter of a very harsh liberal shock without any compensatory buffers to absorb the social effects of the recession generated.

On the other side, the favorite to occupy the post, observers say, is Zelia Cardoso de Mello, 37, economic adviser to Collor who once worked with Dilson Funaro, father of President Sarney's abortive Crusader Plan.

* Ulloa Discusses Drugs, Campaign, Fredemo

90ET0142A Lima CARETAS in Spanish
12 Feb 90 pp 38-39, 83

[Interview with Popular Alliance senatorial candidate Manuel Ulloa by Luis Pasara; place and date not given; first paragraph is CARETAS introduction]

[Text] Co-chairman of the Forum on the Environment and Development, which brought together 1,400 leaders from all over the world to meet in Moscow in January, Manuel Ulloa explains in this interview how our countries can link the debt, the environment, and drugs to obtain a significant commitment from the developed countries to help solve our problems. The senator and populist candidate also criticizes the commercial nature of the election campaign and expresses his concern about the manipulation the government has been practicing in it. Finally, he distances himself from the shock treatment and confirms that only through consensus can the serious problems that beset the country be tackled.

[CARETAS] Within the issues of concern to the forum in Moscow, what new themes were mentioned?

[Ulloa] The central issue was the relationship between poverty, development, and the environment. The consensus among all the presentations was that we are emerging from the period of superpower confrontation and leaving behind the nuclear arms race, but that the real challenge of this decade is how to prevent the aggravation of the poverty suffered by half the world's population. According to the United Nations, 2.5 billion people are living in conditions of poverty that are growing worse. The anger and unrest that this poverty brings about may lead once again to violent situations such as the one we are experiencing. So population policy is linked to the possibilities for development; these, in turn, are linked to the reduction of military spending....

[CARETAS] Is it realistic to expect less military spending in the Third World?

[Ulloa] I think so. As for the world perspective, Gorbachev himself, at the closing ceremonies in the Kremlin, called for the elimination of all nuclear weapons and the search for an agreement so that precise goals can be reached before the end of the year to reduce conventional weapons and troops. On the other hand, there is a resolution passed by the United Nations, which 24 years ago recommended that the industrialized nations devote 0.7 percent of their GDP to international cooperation; today that figure is just 0.3 percent.

[CARETAS] But the current trend appears to be toward helping Eastern Europe and withdrawing aid from the South....

[Ulloa] There is no deliberate intention to withdraw it, it's just that new possibilities for aid and investment are opening up. Unfortunately, the countries of our region and of Africa do not have stability; the climate is not propitious for channeling that aid. The World Bank has just authorized a credit of $7.5 billion for just four Eastern European countries: Czechoslovakia, Hungary, Romania, and Yugoslavia.

[CARETAS] Given that Africa and Latin America are the poor relations, to what extent can we obtain funds from the North using the environment as a bargaining chip?

[Ulloa] If we organize ourselves better, if we are more serious, we can counteract this natural tendency of the Western European countries, Japan, and the United States itself to concentrate aid on Eastern Europe. Otherwise, the funds will go there and to a number of Asian countries that are also facing very serious problems and that are of great importance to Japan, the United States, and Canada from the strategic and political standpoints. The ball is in our court, and in this regard, Latin America—more than Africa—has a variety of bargaining chips available to it, in my opinion. Our bargaining power lies primarily in the issue of the debt; we must organize ourselves as Latin American countries to make presentations as a whole and to promote interregional dialogues. The problem is very serious because we are completely out of resources; there is no investment, no credit for Latin America.

[CARETAS] Regarding the debt, a consensus was reached at Cartagena, the culmination of the process of joint discussions. But then each country struck out on its own....

[Ulloa] Because the situations are different. But if we develop criteria—and there is already a framework in the Brady Plan—the debt reductions can vary. Mexico has been given a 20-percent reduction of the amount of the debt, but it appears that these percentages are rising as each country progresses in the negotiations, up to as much as 50 percent. Venezuela has begun the debt reduction discussion at 50 percent, in fact. Peru, whose debt is at 5 cents or 4 cents on the secondary market, undoubtedly has a "right" to ask for greater discounts, as has been the case with Africa, where the situation is so desperate that the European countries have practically forgiven the debts of most African nations.

[CARETAS] Does the drug situation also give us a "right" to ask for a greater discount?

[Ulloa] Yes. That issue and the environment and the debt are the three big issues that we can use to exert pressure for substantial increases in funding if we develop joint policies and form a united front. The drug problem is the most serious threat facing the world in this decade. I have heard directly from President Bush that more than 3.5 million children in the United States have suffered brain damage from crack, that that country has already lost more lives to drugs than it lost in World War II and Vietnam together. This problem truly threatens to destroy the very foundations of Western societies. Here we have the raw material that is used for this trade, and the problem is aggravated by the poverty and anarchy that are growing in Peru and Colombia, primarily. So we have a legitimate right to demand very substantial economic aid, because it is not just a matter of crop substitution; replacing this crop commercially involves providing health, education, transportation, and all the basic necessities....

[CARETAS] The real substitute is development....

[Ulloa] Precisely, and with development will come other crops. But this requires an international effort; we cannot do this alone. That is obvious. The other big issue is the environment....

[CARETAS] To what extent is this issue a joint concern of poor and rich countries alike? Is it possible to convince the two-thirds of Peruvians who are below the poverty line that we must orient priorities in the country toward the problem of the ozone layer, for example?

[Ulloa] The matter of the ozone is perhaps more sophisticated. But in the last 3 years, the incidence of skin cancer has increased by more than 500 percent, and that affects everyone from farmers to fishermen, everyone

who works outside, and it affects children above all. In other words, this is a very serious matter. Climatic changes are distorting all customs and agricultural practices, leading to the destruction of fertile land. And in the case of the Americas, there is also a high degree of environmental pollution, especially in the cities. In Mexico City and Lima alike, there is an incidence of pulmonary and bronchial diseases that the population has not yet linked to the environment; they associate it with poverty, with the abandonment of hospitals, with the lack of resources, but it is actually a product of the environment. That is one of the tasks we have undertaken, in fact: to provide the public with information and knowledge to encourage them to exert political pressure with regard to these matters, to demand the elimination of certain practices, technologies, and procedures that are leading to the destruction of the environment. The statistics in this area are frightening.

[CARETAS] Reading the list of participants in the Forum reminds one of that Ribeyro character who proposed a great universal goulash to resolve all of the conflicts in the world. Why were all these religious and parliamentary leaders brought together in the forum?

[Ulloa] As for the religions, there is no doubt that the Forum is promoting a rapprochement. In contrast to the traditional lines that have divided the various religions, now the trend is toward a search for common denominators in spiritual life, religious conduct, generosity, and participation to become much more involved in these problems....

[CARETAS] A kind of common ethic....

[Ulloa] That's right. There is no doubt that because of their active stance, the leaders of religious and spiritual communities have a capacity for rapprochement and for spreading this message, and at the same time for exerting pressure so that problems can be solved. There is the impression within the religious currents themselves that people have been living in a spiritual abstraction to some extent, because they lack a thorough knowledge of the problems that beset humanity. On the parliamentary side, the interest is in achieving consensus and promoting criteria so that all of this will translate into specific plans of action through legislative action.

[CARETAS] Nevertheless, looking at the case of Latin America, politics seems to be moving away from Parliament as a venue. In reality, it is not the members of Parliament who make the political decisions that count....

[Ulloa] Unfortunately, that is true, but I think this will change. Because the mass media have such a tremendous influence, there has been a distortion of political image and ways of winning votes. In the case of Peru, the preferential vote is available only to a minority, but it is crucial in determining who will occupy the seats in Parliament. Paid advertising is available only to the candidates with the means, so it is the elites or a handful of political oligarchies who are winning seats in Parliament. Consequently, they are out of touch with the people. Their election does not entail assuming responsibility for the problems that plague their communities; it is just a formation of elitist groups that wield influence but are not really concerned with existing problems.

[CARETAS] But the alternative to the preferential vote was worse; the party would decide who would go to Parliament....

[Ulloa] That is a very debatable issue, but I think that if the parties are really viable and have a real internal democracy....

[CARETAS] That is another unrealistic assumption....

[Ulloa] I agree that there is still a lot to be desired, but the internal struggle in the party is legitimate: The candidates should go out to woo the rank and file, to get to know them, as it is they who should select the preliminary candidates. Then the parties, with their conventions and congresses, should choose the final candidates. The slates should be the product of the internal party struggle. They should not be dictated by people who can buy privileges with their money, as this would indicate a lack of respect for the electorate.

[CARETAS] Is that the primary concern in this campaign?

[Ulloa] There are a number of concerns. One has to do with the fact that the government is so obviously trying to influence the campaign with the entire state apparatus it has at its disposal, which is enormous. There is this visible desire to manipulate the composition of the regional assemblies, which will not have an immediate effect on the results of the election, but will affect that next government's ability to maneuver. In addition, there is the large number of parliamentary slates, which is another product of our deficient electoral system....

[CARETAS] That is the product of an absurd decision by the JNE [National Election Board], which held that only 3,000 signatures are sufficient to offer a slate of candidates for deputy in Lima.

[Ulloa] It is grotesque. As a result of this, the parliamentary majority may be negotiated by people who have no constituency; to achieve the necessary majority to pass urgent legislation, parliamentarians may be subjected to blackmail. In other words, the popular vote may be manipulated by small influence groups that will try to channel the vote toward their particular interests or those of the groups they represent. That is a matter of great concern. On the other hand, I am very fearful that there will be a kind of sinister alliance among the obvious losers in the campaign, to prevent at all costs a first-round victory. When we take into consideration that more than a third of the country is in a state of emergency, there is a real possibility of violence and the destruction of polling places, voter rolls, ballot boxes... all of this means that everything may depend at a given

moment on a computer. If the source of the information disappears and the data has been entered into the computer by a programmer who could be manipulated....

[CARETAS] But let's not exaggerate; the parties have representatives at every polling place, and the military will also collect a copy of the results....

[Ulloa] That should be discussed as a very important issue, because the military is supposed to have a copy of the voter rolls, but in practice it has not exercised that control. I don't think it is capable at this time, in terms of equipment, of processing and making use of that information the way the JNE or the departmental panels can. With regard to the individuals, for example, there will be a Fredemo [Democratic Front] representative at every polling place; that representative may be from the PPC [Popular Christian Party], from "Liberty," or from AP [Popular Action]. There is no guarantee that this person will behave with the fair-mindedness that we would desire in Fredemo, because there may be natural tendencies to favor the candidates of their respective groups....

[CARETAS] But that is a serious problem, in Fredemo!

[Ulloa] That's right, and in the final analysis, it is a serious problem for the country. In short, there are a number of disturbing factors. And the possibility of a run-off election not only prolongs the agony we are enduring, but also introduces elements of political disturbance that could lead to violent and critical situations that could completely distort the process.

[CARETAS] And is Fredemo's conduct of its campaign cause for concern? Ulloa has always preached the need to work on the basis of agreement and political consensus. The Fredemo candidate and his political style go in the opposite direction, don't they?

[Ulloa] Undoubtedly, it is absolutely impossible to seek a consensus on economic policy at this time. But on the occasion of the meeting in Cartagena, the president of the Republic himself acknowledged the need to gather the opinions of the presidential candidates. They have behaved responsibly, although we know the style and character of the president. If a congressional session had been convened to discuss the problem of drug trafficking and Peru's position, I think the president's bargaining position would have been much more solid. At any rate, the case reveals the need and the possibility for consensus. I think the matter of pacification is something that has to be handled through consensus, regardless of the election results. We must establish a dialogue, a relationship, an understanding, an intelligence with the Armed Forces. It is absolutely imperative that we give the military the backing it needs to vanquish terrorism and drug trafficking.

[CARETAS] But it is also imperative that you have the support of the organized social sector that today responds to United Left....

[Ulloa] That's right.

[CARETAS] How can that harmony be achieved if Fredemo displays a political style that is based on aggression against the other sectors?

[Ulloa] That will undoubtedly change; it has to change. The aggression has come a little from the government and a little from the more radical sectors of the left. Unfortunately, these things are the result of campaigns and of electoral passion. The response has been an angry one, but I think that this necessarily has to give way to the national interest. The economic problem makes imperative an agreement between labor and management regarding price and wage policy. This has been proven over and over again during the last 10 years, in Spain, in Mexico, in Nigeria. In other words, no matter who attains power, the problems that Peru faces today cannot be managed without seeking a consensus.

[CARETAS] And what about the shock treatment? Is that the only way to put an end to inflation?

[Ulloa] Perhaps because of my own experience I am somewhat cautious—not to say fearful—about magic formulas. But in any case, the people cannot be asked to bear as brutal and violent a burden as the economic readjustment will be if absolute priority is not given to the social compensation program.

[CARETAS] So is there room for gradual measures or periods of stabilization?

[Ulloa] We are talking about relatively short terms: a year or a year and a half. But we must keep our finger on the pulse of the nation in order to detect the most serious problems, because our situation is so chaotic and dramatic that the diagnosis of the patient must include not only the social tragedy but also the plight of the productive apparatus, the financial system, and the resources we are able to obtain. We must depoliticize economic management, take a more serious approach to it, and bring in the most competent and capable people. All of this must take place within a context of great international cooperation. This requires that the government have a degree of credibility, responsibility, and dedication that the current government does not have.

[CARETAS] And in that hypothetical future Fredemo government, will Manuel Ulloa play an important role, or will his responsibilities in the Forum lead him to seek the role of a kind of global leader?

[Ulloa] My roots are in my country, and my commitment is to my country. But the solution to our problems does not lie within our borders alone; the interdependence is now visible; so we must look outward to the extent that there are opportunities and access to this type of forum, so that we can bring a message from our people. And we must try to influence the conduct and the policies that are adopted worldwide. But my concern is definitely to try to do everything within my power to

solve the problems of poverty, hunger, and destruction that we face in this country. That is my absolute priority.

Uruguay

Currency Shortages Reported Near Brazil Border

PY2203211690 Montevideo Radio El Espectador Network in Spanish 1600 GMT 22 Mar 90

[Text] There is a serious currency shortage in the towns of Rivera and Livramento on the Brazil-Uruguay border. Banks' and money exchange houses' operations have almost been paralyzed in both towns.

The cruzeiro exchange rate is dropping. This morning the cruzeiro was purchased and sold at 20 and 25 pesos, respectively, while yesterday the cruzeiro was sold at 30 pesos. This exchange rate has caused a considerable increase in the prices of Brazilian products, which were already very expensive.

The prices in effect for basic family basket products established by the Supply Superintendency are the prices that were established as of 12 March, when the new Brazilian Government froze them.

Here are some prices to give a rough idea of the situation: Bread is being sold at 1,800 pesos in Brazil, while in Rivera one kg of bread costs between 300 and 600 pesos. A half-kg package of noodles costs 32 cruzeiros, or 600 pesos.

Fiscal Adjustment, Higher Federal Taxes Approved

PY2403221390 Madrid EFE in Spanish 1905 GMT 24 Mar 90

[Report by Alberto Pepe Leira]

[Text] Montevideo, 24 Mar (EFE)—Unprecedented severe tax pressures will burden Uruguayans starting next month now that the parties of the pro-government coalition have approved a fiscal adjustment that levies taxes ranging from three and one-half to seven and one-half percent of salaries and increases by one percent the value added tax [VAT], which has thus risen from 21 to 22 percent.

The new taxes are aimed at increasing state revenues to reduce the fiscal deficit, which has reached six and one-half percent of the gross domestic product. The fiscal deficit and the $6.33 billion foreign debt are the main causes of the high inflation rate, which reached 90 percent per year.

The IMF also requires this fiscal adjustment before it will provide the backing that Uruguay needs to negotiate a reduction of its foreign debt within the framework of the plan designed by U.S. Secretary of the Treasury Nicholas Brady.

The approval of the fiscal adjustment came as U.S. Under Secretary of the Treasury, David Mulford, was reporting to the Montevideo newspaper EL PAIS about the progress in the negotiations that would allow Uruguay to be the next country to obtain foreign debt reductions within six months.

According to the new tax laws, salaries of less than 213,000 pesos (approximately $224) monthly will pay 3.5 percent in taxes, those below 426,000 pesos ($448) will pay six percent, and the rest will pay seven and one-half percent. The VAT will be 22 percent instead of the current 21 percent.

In explaining the fiscal adjustment to a congressional committee, Economy Minister Enrique Braga promised to reduce the VAT to 18 percent after 12 months.

The fiscal adjustment bill was approved by a Senate committee through the votes of President Luis Alberto Lacalle's National (Blanco) Party and the Colorado Party, the main opposition party in Uruguay, in response to an agreement negotiated by the government to guarantee a congressional majority for itself. The Broad Front leftist coalition and a splinter group, the Party of the Government by the People, opposed the new taxes.

The main labor organization, the Interunion Workers Plenum-National Convention of Workers (PIT-CNT), which also opposes the new taxes, began a series of general and partial strikes on 22 March, along with rallies in front of the congressional building, to protest the new taxes.

Both the government and its political allies believe, however, that the fiscal adjustment had to be approved quickly to prevent the fiscal deficit from rising to eight percent of the GDP and unleashing uncontrollable inflation. According to government experts, the current inflation rate of 90 percent per year will drop to 10 percent next year.

The increase in state revenues will be accompanied by a reduction of public expenditures. The economy minister has informed his colleagues in the other ministries of the measures that they must implement to reduce public expenditures by 15 percent.

According to the interparty agreement that permitted the approval of the new measures, the government must send monthly progress reports to Congress on the reduction of public expenditures.

Venezuela

Salvadoran Government, Rebel Delegations To Talk

PA2603211090 Hamburg DPA in Spanish 1648 GMT 26 Mar 90

[Text] Caracas, 26 Mar (DPA)—Representatives of the Salvadoran government, political opposition, and guerrilla groups have begun to arrive in Caracas for what might become a summit of the groups engaged in the more than 10-year-old civil war.

A delegation of the Revolutionary Democratic Front (FDR), headed by Guillermo Ungo and Ruben Zamora, will begin its contacts with the government of President Carlos Andres Perez today. Meanwhile, representatives of the Farabundo Marti National Liberation Front [FMLN] are expected to arrive on 28 March.

The Venezuelan president has been playing a leading role in the efforts to mediate between the government and the guerrillas in the lengthy and bloody Central American conflict, which in the past 10 years has left of toll of more than 70,000 dead.

Salvadoran President Alfredo Cristiani will begin an official visit to Venezuela on 28 March. He will remain in the country until 31 March. Christian Democratic leader Fidel Chavez Mena is also scheduled to arrive in Caracas.

A meeting that was to be held in Caracas between Salvadoran Government and opposition representatives, under Perez' sponsorship, failed in December.

Venezuelan Foreign Minister Reinaldo Figueredo Planchart described as "quite encouraging" the Salvadoran peace efforts that are being carried out in Mexico at the urging of the Central American presidents, with the mediation of a personal representative of UN Secretary General Javier Perez de Cuellar. The foreign minister said that in the negotiations in Mexico there has been "substantial" progress in drawing the positions of the FMLN and the Cristiani Government nearer.

An FMLN delegation, headed by Jorge Shafik Handal, announced in Caracas last week its willingness to negotiate with Cristiani. Nevertheless, the rebel representatives, who stressed the need for democratization in El Salvador through broad popular participation, said sectors of the Salvadoran Armed Forces strongly reject any dialogue with the guerrillas.

National Guard, Antidrug Leaders Interviewed

PA2703023090 Caracas EL NACIONAL in Spanish 11 Mar 90 p D-6

[Report on interview with National Guard, GN, Commander General Manuel Ibedaca Romero and Brigadier General Ramon Guillen Davila, chief of the Antidrug Trafficking Services, by Fabricio Ojeda; date and place not given—all quotation marks as published]

[Text] According the intelligence reports from the GN, Venezuela is a temptation for international drug trafficking with its extensive and penetrable borders, good roads, huge tracts of unpopulated land available for sale, and many opportunities for investment, trade, and export.

According to GN sources, lately huge investments have been made in real estate and other properties, not only along the border with Colombia in the western part of the country, but also in the eastern and central regions of the country, as well as in the capital city itself, especially in exclusive neighborhoods, where apparently the drug traffickers own homes and buildings, which they use to throw ostentatious parties.

An official in charge of the antidrug investigations has said that the problem is that there are not enough checkpoints to determine the origin of all the money flowing into the country. The official talked about the proliferation of paid advertisements in Colombian newspapers announcing the sale of farms, haciendas, and ranches in Venezuelan territory.

Apparently the advertisements are intended to attract buyers that can offer more money than what any Venezuelan investor may be willing to pay, the official said. He added that this practice facilitates the laundering of drug trafficking money because of the lack of tight controls to duly supervise financial operations.

Another aspect that favors drug traffickers is that, according to the U.S. Drug Enforcement Administration (DEA), Venezuela has an identification system that makes it easy for foreigners to obtain passports and other documents illegally.

Recently, on a Worldnet program, broadcast live from Washington, in the United States, DEA Assistant Director Terrence Burke said that they had learned that some Colombian citizens, with possible links to the drug cartels, enter and leave the country very easily using Venezuelan passports.

Burke pointed out that U.S. authorities have already held talks with their Venezuelan counterparts to seek ways to improve the identification system and the control of foreigners, especially along the border with Colombia, for the purpose of preventing the illegal entry of undesirable persons.

However, it is very possible that the drug tentacles are extended well inside Venezuela—according to intelligence reports—especially if one takes into account that the advantages for laundering money are decreasing, not only in Colombia—where an all-out war is being waged against drug trafficking organizations—but also in Panama, the Bahamas, Bermuda, the Cayman Islands, Switzerland, Mexico, the United States, and other countries normally used to "launder," by means of banking transactions and apparently legal investments, up to $100 billion annually, according to U.S. sources.

To fight this billion-dollar crime busines, the George Bush Administration has allocated the relatively small sum of $15 million and he has supported the creation of a new federal organization, the Financial Crimes Enforcement Network (Fincen), with computer programs capable of detecting suspicious movements of "electronic money" in a sort of "high-tech cat and mouse game," as was described by the international edition of TIME magazine in an extensive report published in December 1989.

Thanks to this new "game," the U.S. Department of Justice was able to freeze the bank accounts of the late Colombian drug trafficker Jose Gonzalo Rodriguez Gacha, also known as "The Mexican"—more than $60 million—in the United States, Luxembourg, Switzerland, Austria, and the UK. To locate this money, the DEA used financial records and computer diskettes confiscated by the Colombian Government. According to TIME, DEA officials said that Mauricio Vives, an important financial consultant living in Panama, "desperately tried to keep the money one step ahead of DEA agents."

According to official GN reports, Venezuela, where banking is losely controlled and no laws against money laundering exist, a system or department of financial investigations is to be established.

GN Commander General Manuel Ibedaca Romero agreed to talk about the topic during a recent interview with EL NACIONAL.

[Ojeda] General, much has been said about Venezuela's alleged vulnerabilty to the international drug trafficking cartels. Is this true? Is there a danger that Venezuela could become an operational base for the cocaine mafia? Is it true that heavy investments have been detected near the border and other areas of the country, with money of which no one knows the source? What is being done to control this flow of capital?

[Ibedaca] I share this concern. It is very simple: When you are in a building or a house and there are problems in your neighbor's house, this, of course, directly affects you because of the unrest, because there might be an uncomfortable situation where, for example, you might have to testify.

Ibedaca thus begins his explanations with a simple, easy-to-understand domestic analogy. He admits that Venezuela "is in a situation that should really catch our attention, because Venezuela borders Colombia and we know that coca is produced mainly in Bolivia, Peru, Ecuador, and is then processed in Colombia. Colombia is America's great cocaine laboratory. Drug traffickers have recently suffered hard setbacks through recent actions by the Colombian Army and National Police in which the heads of these organizations have been killed and great amounts of money and cocaine, and a number of airplanes have been seized. To transport what is left, they will, of course, have to look for a better place and this is where we have several vulnerabilities.

[Ojeda] Like what?

[Ibedaca] The extensive border, the plains near it with clandestine landing strips; the proximity to easy-to-use ports and airports. Through the Antidrug Trafficking Services and together with the DISIP [Directorate of Intelligence and Prevention Services] and the Metropolitan Police, we have a plan and we have taken definite actions to fight it. Aware of this, we have established a system of investment controls in these states near Colombia. We are receiving reports of property registrations, but we need to take more effective measures, because we need greater control and supervision in this area, especially commercial operations.

In 1986, three years after the drug law went into effect, the GN's Antidrug Division made a record confiscation of 29,698 kilos of marijuana (nearly 30 tons), a figure that dropped significantly in 1988, and increased in 1989.

Since it was founded by General German Sepulveda Sierra, this office has been in charge of coordinating and planning actions that the GN develops against drug trafficking, even though it is limited by the drug law as an adjunct to the tribunals. In other words, the files must be turned over to the Judicial Technical Police [PTJ]. It is currently called the Directorate of the Services Against Drug Trafficking and is directed by Brigadier General Ramon Guillen Davila, who also agreed to talk to EL NACIONAL.

[Guillen] The fight against drugs has been a job of the GN during all of its existence. I have been a member since I was a sublieutenant. Now it is called the "modern crime" and one of the most difficult wars to fight.

[Ojeda] Precisely because of that war, the big Colombian traffickers have proposed to their country's government formulas to achieve peace and retire from the drug business. Are these proposals from the drug cartels sincere? We asked the general.

[Guillen] I think that it is only a strategy to gain time and seek their own solutions. It is not strange that they are pretending to turn Venezuela into an "operational base." There is democracy and liberty of movement and investment here. In San Antonio del Tachira alone, there are 76 exchange houses and only one meets the requirements of the law. When we have pressured the Peracal tax registry, we received complaints from a good many people. The Venezuelan air and highway system is very favorable to them. Neighboring countries connect with Europe through Venezuela. A lot of merchandise goes through in transit, and when they seize a shipment, what they say is that the airplane "came from Venezuela."

Guillen feels that one of the problems is that Venezuelans want to continue to live as they did during the times of the oil boom. They refuse to admit that "Venezuela has changed" and sometimes do not care where the money comes from. Our country needs foreign exchange but, regretfully, the facilities offered by our system work in favor of the smugglers, who are taking advantage of the "period of trust" that has been recently established in Venezuela. We are granting many facilities when we should be creating export zones in ports and airports to have greater control over goods leaving the country. The assistant director of the DEA has said that foreign smugglers obtain Venezuelan passports and other identification documents very easily and enter our country as they please. How can this be averted?

Our identification system must be changed, the general said. At this moment it does not include the necessary safeguards to prevent forgeries. We still have "Spanish-style" birth certificates. This is the only document required to grant an identity card, and it can be very easily forged. Venezuelan passports are very much sought after because they are not on the "blacklist" and are internationally respected. The naturalization process is very quick. Some naturalized persons do not even speak Spanish. I think that Diex [not further identified] is making great and sincere efforts to modernize the identification system. There will be more efficiency and control over this very important security matter after the electronic fingerprint scanners [lectoras electronicas de huellas dactilares] are installed. Another problem is that traffickers apparently enjoy many privileges in our jails and that is why some of them can escape easily. This was the case of the Sicilian mafia lords, he remarked. We should establish a plan to rotate drug traffickers in Venezuelan jails to prevent escapes. Unfortunately, they are the ones who are better off in our jails.

[Ojeda] Can you tell us exactly what the role is of the antidrug chief's office within the GN?

[Guillen] His main function is to expedite intelligence and coordination work with local and international institutions to keep the forces's operational units constantly advised to carry out the frontal struggle against the illegal drug trade.

[Ojeda] Does it have to turn in the case records to the PTJ?

[Guillen] Yes, we have only 72 hours to build the records of cases and to pass them along to the PTJ.

[Ojeda] What do you think about this?

[Guillen] With due respect to the opinions of the legislators, that measure only favors drug dealers because our men can lose track of an investigation already in progress. Currently, we have all the equipment necessary to completely investigate a case. We have laboratories and modern equipment that we did not have when the government issued the law. We have plans to install three more laboratories in the central, western, and eastern regions of the country. In this regard, I think that it becomes necessary to reform the drug legislation to give more power to the GN.

[Ojeda] Do you have enough personnel?

[Guillen] We have a small number of people. This investigation activity is very delicate, and that is why we try to have highly qualified personnel accomplish our intelligence missions that permit operational units to seize and arrest drug dealers. You should remember that we only perform intelligence and guidance duties, thus between 100 and 200 men will be enough.

[Ojeda] Are there plans to perfect your work?

[Guillen] There are plans to create an education and prevention department that will take advantage of the size of the Venezuealan GN to make progress working together with the National Commission Against Illegal Drug Use (Conacuid). They will promote permanent drug prevention and education campaigns at all levels of society, including children, parents and those responsible for children, businesses, bankers, and the news media. Also, we plan to create a Financial Investigation Department to keep the national government informed about reports on the "drug laundering center."

[Ojeda] Is this center already operating in the country?

[Guillen] Drug laundering is no longer a profit-making business in the United States. Mexico is also waging a great battle against drugs. The Bahamas and Panama are no longer safehavens for drug money. Switzerland is also adopting serious measures to control banking activity. The European Economic Community is also closing its doors to this illegal activity. At present, Venezuela meets all the requirements to become a paradise for laundering drug money.

Suriname

Guerrilla Leader Arrested During Peace Talks

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[Text] The Hague, March 27 (AFP)—Surinamese guerrilla leader, Ronnie Brunswijk, has been arrested in Paramaribo where he was engaged in peace talks at the invitation of the civilian government, the Dutch news agency ANP reported Tuesday [27 March].

Two of Mr. Brunswijk's body guards were killed in an exchange of fire Monday [26 March] evening when they put up resistance to soldiers, the news agency said, citing a statement published Tuesday in Paramaribo by the armed forces command.

There were rumors of numerous victims, ANP said in the dispatch from the former Dutch colony.

The commander-in-chief of the Army, Desi Bouterse, "has informed President Ramsewak Shankar of the arrest," the statement cited by the ANP said. There was no immediate comment from the civilian government.

Mr. Brunswijk formed his so-called Jungle Commando in July 1986 to overthrow the junta led by Commander Bouterse, who has since allowed the formation of a civilian government.

Peace negotiations were begun last week following the collapse of a peace accord reached July 21 in neighboring French Guiana between representatives of the guerrillas, the government and the parliament.

Commander Bouterse never accepted that peace accord, which is known as the "Kourou accord."

The Suriname armed forces command statement said Mr. Brunswijk was arrested "within the context of an inquiry into a cocaine seizure."

The jungle command announced Sunday [25 March] that it had intercepted a plane coming from Colombia carrying more than one ton of cocaine. The plane's four crew, an American and three Colombians, were arrested by the guerrillas who said they would hand them over to the justice ministry in Paramaribo.

But the army said the commando had given details of the incident only on Sunday while the interception had actually taken place last Tuesday.

The Netherlands government said it was "deeply disturbed" by the reported arrest in its former colony which became independent in 1975.

These developments could be an impediment to the peace process which President Shankas has been leading and constitute an attack on the democratisation process, said a government spokesman.

The Netherlands ambassador in Paramaribo has been asked to look into the "confused" circumstances surrounding the arrest.